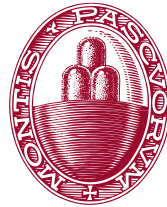


MONTE DEI PASCHI DI SIENA

BANCA DAL 1472



Report on
Corporate Governance and
the Shareholding Structure



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

ENGLISH TRANSLATION FOR COURTESY PURPOSES ONLY.
IN CASE OF DISCREPANCIES BETWEEN THE ITALIAN VERSION AND THE ENGLISH VERSION,
THE ITALIAN VERSION SHALL PREVAIL.

Report on Corporate Governance and the Shareholding Structure

in accordance with article 123-*bis* of the Consolidated Law on Finance

(Traditional administration and control model)

Issuer:

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CONTENTS

The 2023 Report**1. Company Profile**

The Bank's corporate governance system

Sustainability (ESG) in the Bank's and the Group's governance system

Sustainability and the 2022-2026 Business Plan

Organisational structure

The Montepaschi Group

2. Information on the shareholding structure

a) Share Capital Structure (as per Article 123-bis, Par. 1, Letter a) of the TUF)

b) Restrictions on the transfer of shares (as per Article 123-bis, Par. 1, Letter b) of the TUF)

c) Significant equity investments (as per Article 123-bis, Par. 1, Letter c) of the TUF)

d) Shares with special rights (as per Article 123-bis, Par. 1, Letter d) of the TUF)

e) Employee share ownership: voting rights exercise mechanism (as per Article 123-bis, Par. 1, Letter e) of the TUF)

f) Restrictions on voting rights (as per Article 123-bis, Par. 1, Letter f) of the TUF)

g) Shareholder agreements (as per Article 123-bis, Par. 1, Letter g) of the TUF)

h) Change of control clauses (as per Article 123-bis, Par. 1, Letter h) of the TUF) and provisions of the By-Laws regarding takeover bids (as per Article 104, Par. 1-ter and Article 104-bis, Par.1)

i) Delegated powers to increase share capital and authorisations to buy back own shares (as per Article 123-bis, Par. 1 Letter m) of the TUF)

l) Direction and coordination (as per Article 2497 et seq. of the Civil Code)

3. Compliance

Adherence to the Corporate Governance Code

Considerations on the letter of the Chairperson of the Italian Corporate Governance

3	4. Board of Directors	
5	4.1 Role of the Board of Directors	
	Exclusive powers of the Board	
7	Activities in 2023	
8	4.2 Appointment and replacement (as per Article 123-bis, Par. 1, Letter l) of the TUF)	
9	Presentation of the lists of candidates	
12	Election of directors	
14	Fit and proper requirements for bank directors	
15	Maximum number of offices held in other companies – time commitment to fulfil duties	
17	4.3 Composition (as per Article 123-bis, Par. 2, letter d) and d-bis) of the TUF)	
18	Diversity policies and criteria in the composition of the Board of Directors and corporate organisation	
18	Activities in 2023	
18	Gender equality and equal opportunities	
19	4.4 Functioning of the Board of Directors (as per Article 123-bis, paragraph 2, letter d) of the TUF)	
19	4.5 Role of the Chairperson of the Board of Directors	
	Board Secretary	
19	4.6 Executive Directors	
	Chief Executive Officer	
	Chairperson of the Board of Directors	
19	Disclosure of information to the Board of Directors by the directors/delegated bodies	
19	4.7 Independent Directors and Lead Independent Director	
	Independent directors	
	Lead Independent Director	
20	5. Handling of corporate information	
20	6. Board Committees	
21	7. Self-Assessment And Succession Of Directors – Appointments Committee	
22	7.1 Self-assessment of the Board of Directors and its Committees	

24	The self-assessment process adopted by the Bank	54
25	Stages of the self-assessment process	54
25	Activities in 2023	55
26	7.2 Appointment and succession of directors and Top Management	56
28	Replacement of directors terminating their office during their mandate	56
28	Plans for the orderly succession of top executive positions	57
30	Succession plans for other corporate positions	57
	7.3 Appointments Committee	58
31	Composition and operations of the Appointments Committee in 2023 (as per Article 123-bis, Par. 2, letter d) of the TUF)	58
32	Participating in the work of the Committee	58
	Functions of the Appointments Committee	58
35	Activities in 2023	60

Contents

8. Remuneration of Directors and the Remuneration Policy Report – Remuneration Committee	61	9.5 Independent Auditors	88	Tables	119
8.1 Remuneration of directors	62	9.6 Financial Reporting Officer and Other Corporate Roles and Functions	88	Table no. 1: STRUCTURE OF THE BOARD OF DIRECTORS (1 January – 20 April 2023)	120
8.2 Remuneration Policy Report	62	Financial Reporting Process – Main features of the risk management and internal control system pursuant to Article 123-bis, paragraph 2, letter b) of the TUF	89	TABLE NO. 1-bis: OFFICES HELD BY BANK DIRECTORS IN LISTED OR SIGNIFICANT-SIZED COMPANIES (as at 20 April 2023)	121
Activities in 2023	63	9.7 Coordination between parties involved in the internal control and risk management system	91	Table no. 2: STRUCTURE OF THE BOARD OF DIRECTORS (20 April – 31 December 2023)	122
8.3 Remuneration Committee	64	10. Directors' interests and Transactions with Related Parties	93	Table no. 2-bis: OFFICES HELD BY BANK DIRECTORS IN LISTED OR SIGNIFICANT-SIZED COMPANIES (as at 31 December 2023)	123
Composition and operations of the Remuneration Committee in 2023 (as per Article 123-bis, Par. 2, letter d) of the TUF)	64	10.1 Related-Party Transactions Committee	96	Table no. 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS (1 January – 20 April 2023)	124
Participating in the work of the Committee	65	Composition and operations	96	Table no. 4: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS (20 April – 31 December 2023)	125
Functions of the Remuneration Committee	65	Participating in the work of the Committee	97		
Activities in 2023	66	Activities in 2023	98	99	
9. Internal Control and Risk Management System – Risk and Sustainability Committee	68	11. Board of Statutory Auditors	99	100	Definitions
The general principles of the Internal Control System	69	11.1 Appointment and Replacement	100	100	126
The Internal Control System governance model	71	Presentation of lists of candidates	100		
Activities in 2023	72	Election of candidates	100		
Assessment of the Internal Control and Risk Management System	72	Replacement of members of the Board of Statutory Auditors	101		
9.1 Chief Executive Officer (Director in charge of the internal control and risk management system)	73	Requirements and grounds for disqualification from office	102		
Activities in 2023	73	11.2 Composition and Operations (as per Article 123-bis, par. 2, letter d) and d-bis) of the TUF)	102		
9.2 Risk and Sustainability Committee	74	Diversity criteria and policies in the composition of the Board of Statutory Auditors	104		
Composition and operations of the Risk and Sustainability Committee (as per Article 123-bis, paragraph 2, letter d) of the TUF)	74	Independence	104		
Participating in the work of the Committee	74	Functioning of the Board of Statutory Auditors	105		
Functions attributed to the Risk and Sustainability Committee	75	Activities in 2023	107		
Activities in 2023	76	Self-assessment of the Board of Statutory Auditors	108		
9.3 Corporate Control Functions	78	Remuneration	108		
Internal Audit Function	78	12. Relations with Shareholders and other Stakeholders	109		
Risk Control Function	79	Access to corporate information	110		
Compliance Function	81	Dialogue with Shareholders and Investors	111		
Internal Validation Function (or Validation Function)	82	13. Shareholders' Meeting	113		
Anti-money Laundering Function	83	14. Additional corporate governance practices	117		
9.4 Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001	85				
231 Supervisory Body	86				

Contents

The 2023 Report

The Report provides investors and the public with a **description of the shareholding and corporate governance structure** adopted by Banca Monte dei Paschi di Siena S.p.A., in compliance with the provisions of Article 123-*bis* of the TUF and the Supervisory Provisions on the Corporate Governance of Banks.

It illustrates how the Company applies the Principles and Recommendations¹ of good corporate governance contained in the Corporate Governance Code for listed companies, to which the Bank subscribes, in accordance with the "comply or explain"², principle, and also takes into account the additional Recommendations that the Italian Corporate Governance Committee sends to issuers every year to facilitate their increasingly effective and consistent application (see section 3 below).

The report is based on the "Corporate Governance Report" format proposed by Borsa Italiana S.p.A. (last updated in January 2022). It is also subject to the review and statement of conformity of the independent auditors PricewaterhouseCoopers S.p.A., pursuant to article 123-*bis*, paragraph 4 of the TUF. The results of the activities carried out are set out in the reports issued by the Auditors, pursuant to Article 14 of the Consolidated Law on Auditing and attached to the Bank's annual financial statements and consolidated financial statements.

The Report, approved by the Board of Directors of Banca Monte dei Paschi di Siena S.p.A. at the meeting on 29 February 2024, is published on the Bank's website www.gruppomps.it/en – *Corporate Governance – Governance Model – Report on Corporate Governance* and the Shareholding Structure and on the authorised storage platform, E-Market storage www.emarketstorage.it.

Unless specified otherwise, the information presented in the Report is current as at 29 February 2024, the date of its approval by the Board of Directors.



¹ The Principles set out in the Code define the objectives of good governance; the Recommendations set out the behaviour that the Code considers appropriate to achieve the objectives set out in the Principles.

² The Code's application is guided by the principles of flexibility and proportionality. The "comply or explain" criterion requires that any deviation from a Code recommendation be clearly stated, with an explanation of the reasons – whether stemming from internal or external factors – why the practice recommended by the Code may not align with the company's functional necessities or be compatible with its governance model.

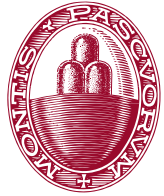


It illustrates how the Company applies the **Principles and Recommendations of good corporate governance** contained in the Corporate Governance Code for listed companies.





Company Profile



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

In its role as **Parent Company** of the Montepaschi Group, **it exercises sole direction, governance and control.**

Company Profile

Banca Monte dei Paschi di Siena S.p.A., Parent Company of the Montepaschi Banking Group, is a bank with shares listed on the regulated market Euronext Milan, organised and managed by Borsa Italiana S.p.A. The BMPS share is part of the FTSE MIB.

The Bank carries out banking activities through the various forms of funding and lending in Italy and abroad. It can perform all transactions and banking and financial services permitted by the applicable regulations, establish and manage forms of supplementary pensions, and carry out any other transaction instrumental for, or in any case, connected to the achievement of the company purpose.

As a listed company, BMPS adheres to the Italian and supranational legislative provisions relating to issuers of securities listed on a regulated market and, being a bank, is subject to the applicable legislative, regulatory and supervisory provisions for banks and banking groups.

In its role as Parent Company of the Montepaschi Group, it exercises sole direction, governance and control through the management and coordination of the Group pursuant to the TUB and the Italian Civil Code and the issuing of directives to Group companies for the implementation of instructions given by the Supervisory Authorities in the interest of maintaining the stability of the Banking Group.

Based on the criteria indicated in the Supervisory Provisions on the Corporate Governance of Banks, BMPS is a significant bank in terms of size and complex operations and is subject to the direct prudential supervision of the European Central Bank.

The Bank's corporate governance system

The Bank has adopted a traditional management and control model, consisting of a Board of Directors and a Board of Statutory Auditors appointed by the Shareholders' Meeting.

The **Shareholders' Meeting** appoints the members of the Board of Directors and the Board of Statutory Auditors as well as the independent auditors and establishes their compensation and responsibilities; it approves the financial statements and the allocation of profits, the remuneration and incentive policies, certain extraordinary transactions (such as share capital increases) and amendments to the By-Laws.

The By-Laws grant the Board of Directors the authority to amend the By-Laws in accordance with regulatory provisions and approve mergers in the cases provided for by Articles 2505 and 2505-bis of the Civil Code.

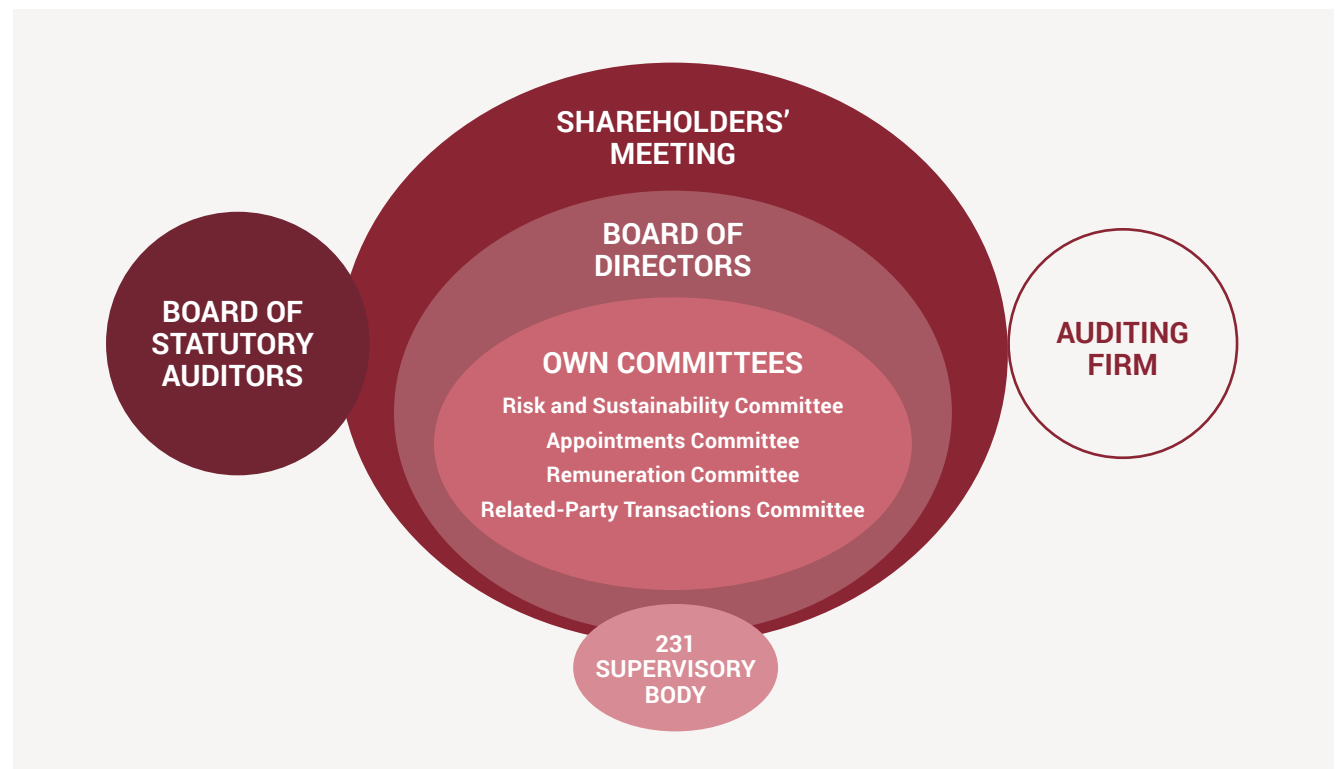
The **Board of Directors, Governing Body**, defines the strategies and strategically important operations for the Bank and the Montepaschi Group, monitoring their implementation and pursuing Sustainable Success.

The Board operates with the support of its own committees for their respective matters:

- **Risk and Sustainability Committee;**
- **Appointments Committee;**
- **Remuneration Committee;**
- **Related-Party Transactions Committee.**

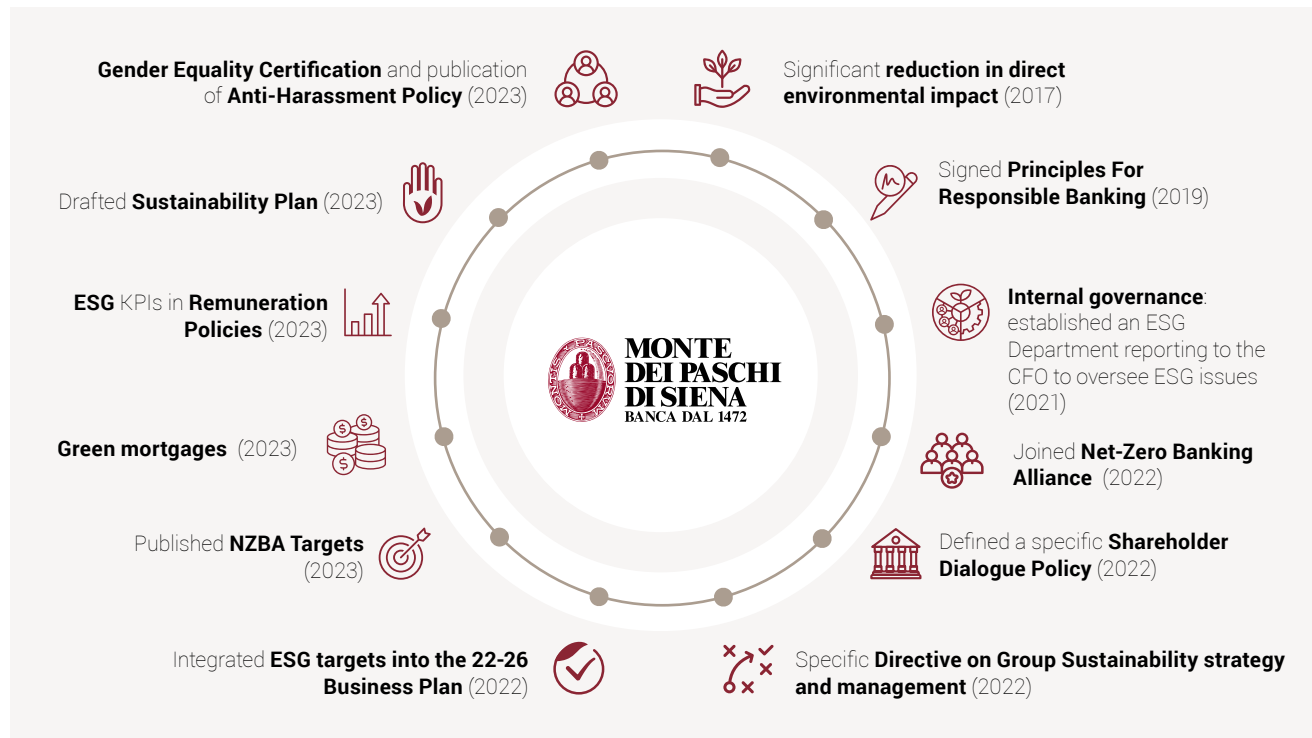
The **Board of Statutory Auditors, Control Body**, with the functions of the "committee for internal controls and statutory audits of accounts" pursuant to the Consolidated Law on Auditing, oversees: (a) compliance with laws, regulations and the By-Laws; (b) the financial information process and the principles of proper administration; (c) the adequacy of the company's organisational, control and administrative-

accounting systems and independent audit activities; (d) the procedures for the enforcement of the corporate governance rules established by the Corporate Governance Code; (e) the adequacy of the instruction provided to the subsidiaries by the bank pursuant to Article 114, paragraph 2 of the TUF. The auditing of accounts is assigned to an independent **Auditing Firm**.



Sustainability (ESG) in the Bank's and the Group's governance system

Committed to making a **positive contribution** to **sustainable, equitable and inclusive development**, the Bank and the Group have always set themselves the intrinsic goal of integrating **sustainability principles** into their **business strategy**, serving the interests of their stakeholders by **nurturing and supporting relationships with their customers and the communities** in which they operate.



With an ever-increasing awareness of the impact of its activities on the economy, people and the environment, combined with the cultural shift in recent years towards environmental, social and governance (ESG) issues by the market, customers and regulators, the Bank and the Group have progressively integrated into its governance system a model of sustainable success that aims to create long-term economic value and address the direct environmental and social impacts of its activities.

The company Standard Ethics recently confirmed the Bank's corporate sustainability rating of 'EE' ('Strong') and a long term expected rating of EE+ ('Very strong').

To continue its commitment to supporting the development of sustainable models and accelerating the transition of the global economy to zero carbon by 2050, the Group adheres to the Principles for Responsible Banking and the Net Zero Banking Alliance, which includes setting and monitoring decarbonisation targets for lending and investment portfolios as well as social impact goals.

The Bank's Board of Directors integrates environmental, social and governance (ESG) issues into its business strategies (see page on "Sustainability and 2022-2026 Business Plan" below), into its internal control and risk management system (see section 9) and into the definition of the Group's remuneration policy (see section 8).

The Bank also has a policy for managing dialogue with shareholders and investors (see section 12) and a Group Sustainability and ESG Directive.

The impact of the ESG approach in the Bank's corporate governance system is reflected in the roles and functions assigned to the various players involved in the aforementioned Group Directive:

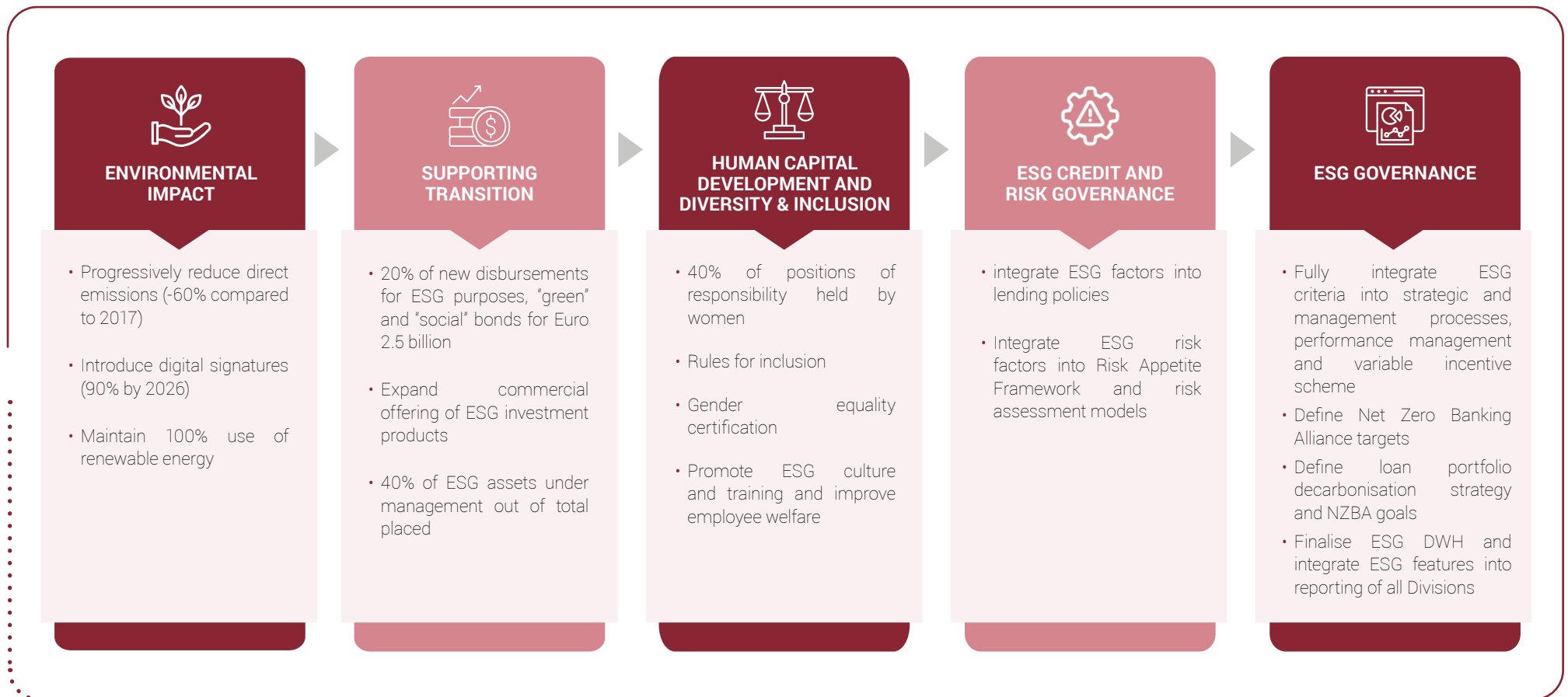
<p>Board of Directors of the Parent Company</p>	<ul style="list-style-type: none"> • committed to pursuing Sustainable Success through the creation of long-term value for the benefit of shareholders, taking into account the interests of other stakeholders relevant to the Company; • approves the Sustainability and ESG strategies and policies and the Sustainability Plan³, in accordance with the values, principles and rules of conduct defined in the Montepaschi Group Code of Ethics, the commitments resulting from adherence to voluntary initiatives and taking into account the impact of ESG risk factors; • when defining corporate strategies, considers, among other things, the profiles associated with the objectives of sustainable finance and, in particular, the integration of environmental, social and governance (ESG) factors into business decision-making processes; • approves the Group's Sustainability and ESG Directive as well as policy guidelines and coordination on non-financial reporting; • approves participation in national and supranational initiatives in the field of Sustainability; • ensures that the ESG and Sustainability Directive is applied and implemented; • ensures that the Group's overall risk management framework includes oversight of ESG risk factors by integrating them into all existing risk assessment, management, monitoring, control and reporting processes, as well as into the Group's Risk Appetite setting and Asset Adequacy and Liquidity Assessment processes; • approves the Materiality Matrix and the Non-Financial Statement (NFS).
<p>Risk and Sustainability Committee of the Parent Company</p>	<ul style="list-style-type: none"> • supports the Board of Directors with assessment, proposal-making and advisory functions in assessments and decisions relating to sustainability and ESG risk management; • monitors the Group's Sustainability positioning.
<p>Board of Statutory Auditors of the Parent Company</p>	<ul style="list-style-type: none"> • supervises compliance with the provisions established pursuant to Legislative Decree no. 254 of 30 December 2016 with regard to the preparation of the NFS
<p>Chief Executive Officer of the Parent Company</p>	<ul style="list-style-type: none"> • oversees Sustainability-related activities and actions to be implemented, while monitoring and ensuring the achievement of pre-fixed objectives.

³The Sustainability Plan brings together the project initiatives and actions identified to achieve the objectives set out in the Group's sustainability strategies.

Management Committee of the Parent Company	<ul style="list-style-type: none"> • through the specific 'ESG and Sustainability' session, supports the Chief Executive Officer in defining strategic guidelines and sustainability policies and in finalising the Sustainability Plan actions; • monitors the evolution of the Sustainability Plan actions by ensuring adequate sponsorship of initiatives and guiding the resolution of critical issues in order to achieve the Group's strategic objectives.
Head of ESG Sustainability/ Sustainability Function	<ul style="list-style-type: none"> • promote the integration of ESG issues into the Group's strategy; • supervise, while ensuring that all initiatives undertaken by the various parties in carrying out their duties, are in line with the Group's ESG strategy; • responsible for defining and promoting the ESG strategic guidelines to the top corporate bodies, and for outlining the related project initiatives and ESG objectives to be achieved in the Sustainability Plan. This includes monitoring progress and institutional reporting on Sustainability, as well as tracking ESG ratings; • supervise the implementation of commitments stemming from national and supranational Sustainability and ESG initiatives and oversee their application, monitoring and disclosure (e.g., NZBA, PRB); • support the Chairperson of the Board of Directors and the CEO of the Parent Company in managing the dialogue with shareholders and investors on sustainability and ESG issues; • promote the culture of sustainable development within the Company.
Corporate Control Functions	<ul style="list-style-type: none"> • for the aspects under their respective responsibility, develop risk assessment, measurement and management methods in line with the sustainability strategies and actions contained in the Sustainability Plan.
Corporate Functions of the Parent Company and of the Group companies	<ul style="list-style-type: none"> • implement the relevant Sustainability Plan actions and support their monitoring; • contribute to the development of a Sustainability-driven culture, the definition of Sustainability strategies and policies, the Sustainability Plan and the NFS; • oversee the risks relating to their Sustainability-related activities; • promote the integration of ESG factors in processes, procedures and IT systems.
Permanent Sustainability Work Group	<ul style="list-style-type: none"> • Group consisting of Sustainability representatives from each of the Bank's Divisions; • identifies, manages and monitors initiatives aimed at achieving Sustainability goals.

Sustainability and the 2022-2026 Business Plan

The **2022-2026 Business Plan**, approved by the Board of Directors on 23 June 2022 with the support of the Risk and Sustainability Committee, sets out specific actions and goals across all the pillars of Sustainability identified by the Group, taking into account internal and external drivers:



During 2023, **the Board of Directors**, supported by the Risk and Sustainability Committee, **was engaged in all Sustainability-related matters** as well as the initiatives included in the **2022-2026 Business Plan** and the associated **Sustainability Plan**.



During 2023, the Board of Directors, supported by the Risk and Sustainability Committee, was engaged in all Sustainability-related matters as well as the initiatives included in the 2022-2026 Business Plan and the associated Sustainability Plan.

At the beginning of the year, the Board of Directors approved the Sustainability Plan and project structure, known as the ESG Programme, which outlines the ESG initiatives to be implemented, with associated deliverables, timelines and ownership. The programme, which has a specific project structure and is co-sponsored by the Chief Financial Officer and the Chief Risk Officer, is divided into eight different project areas covering the five pillars of the ESG framework that the Group is developing (Strategy, Governance, Business Model Risk and Regulation, and Reporting and Communication). The Board of Directors is regularly updated on progress, as are the Risk and Sustainability Committee and the Management Committee in the dedicated ESG session.

During the year, in addition to receiving updates on the progress of the Business Plan, the Board monitored its progress on a quarterly basis and also made decisions regarding the initiation and/or completion of individual projects.

For further details on the Montepaschi Group's management of ESG issues and, in particular, on those reported to the Board of Directors in 2023, please refer to what is published on the website www.gruppompaschi.it/en-Sustainability-Reports and, in particular, to the 2023 Consolidated Non-Financial Statement.



[View the Business Plans and Capital Increases.](#)



[View the 2023 Consolidated Non-Financial Statement](#)

2022-2026 Business Plan sets out specific **actions and goals across all the pillars of Sustainability** identified by the Group, taking into account **internal and external drivers.**

Organisational structure

The Board of Directors defines the general and relevant guidelines to ensure the Group's stability and pursuit of its Sustainable Success. Within this framework, the Parent Company's Head Office performs functions of direction, coordination and control over the Group's companies.

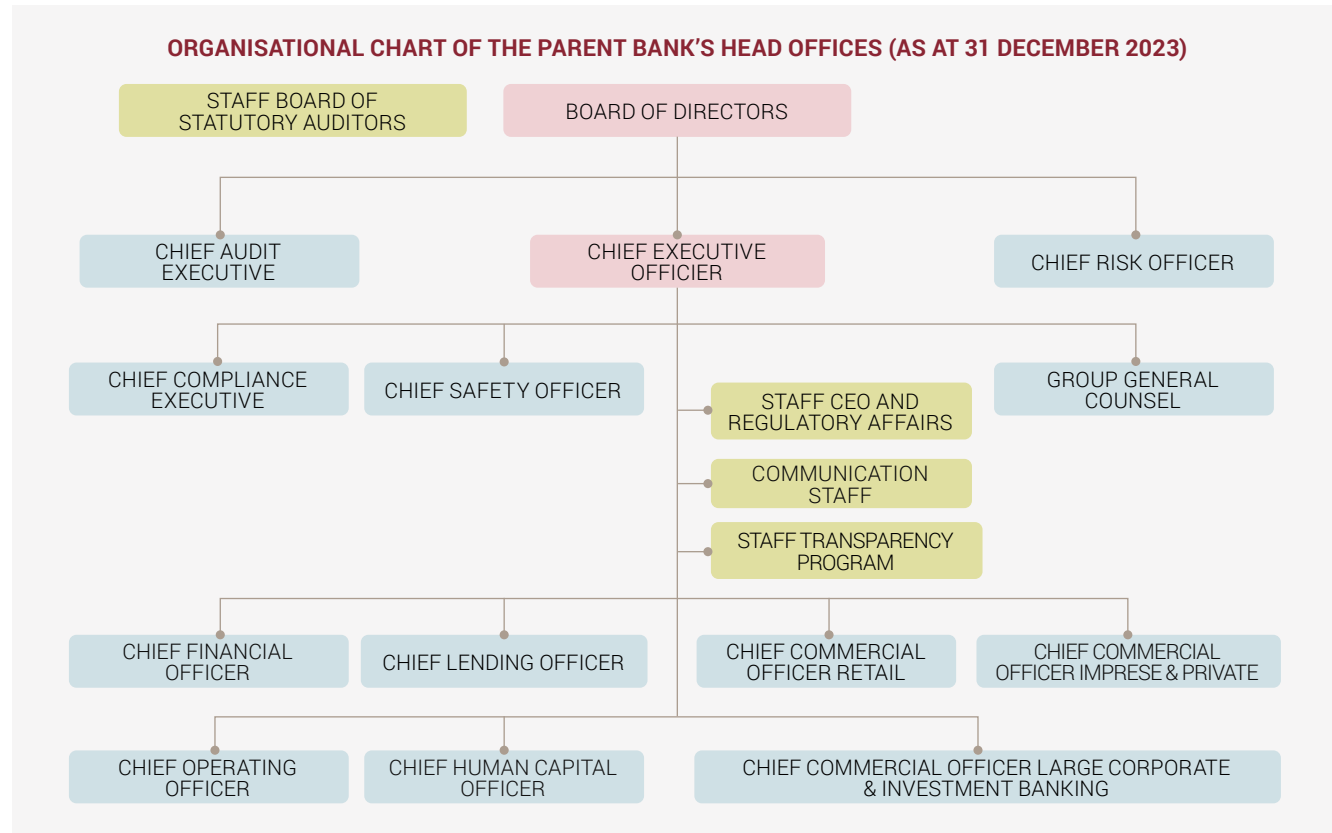
During 2023, in accordance with the provisions of the 2022-2026 Business Plan, the Bank's organisation was adapted following the merger by incorporation of the subsidiaries MPS Capital Services S.p.A. and MPS Leasing & Factoring S.p.A. into the Parent Company. The activities of the two merged companies have been combined mainly in the following Divisions:

CCO Corporate and Private⁴, with the creation of structures dedicated to the operational management of Leasing and Factoring products.

CCO Large Corporate and Investment Banking, with the establishment of structures dedicated to: corporate finance, managing specialised services and products in corporate finance, project financing, acquisition and real estate financing; investment banking, managing origination and execution activities including the structuring and placement of financial instruments on capital markets to meet customer funding needs; and financial portfolio management, both proprietary and client-driven, aiming to offer financial services/products to customers.

Chief Lending Officer, with the creation of structures dedicated to the management of leasing and factoring loans as well as the management of structured and large corporate loans.

In line with the supervisory provisions, the structure responsible for data governance and reporting management has been transferred to report directly to the Chief Financial Officer.



⁴ On 6 February 2024, the Board of Directors appointed the Head of CCO Corporate and Private, Maurizio Bai, as Deputy General Manager of the Bank. This appointment is part of the new appointments to top management of some of the Bank's key functions, aimed at enhancing the Bank's wealth of internal resources, accelerating its growth trajectory to better meet the needs of its customers, and promoting the spread of a strong corporate culture focused on long-term value creation.

The Group operates in all key business areas:
**corporate finance,
investment banking,
factoring and leasing.**

The Montepaschi Group

The Montepaschi Group is active **across Italy** and in some of the **major international financial markets** with operations focused on traditional retail and commercial banking services and a particular commitment towards **household customers** and **Small and Medium Enterprises**.

The Group operates in all key business areas: corporate finance, investment banking, factoring and leasing. The insurance-pension sector is covered by a strategic partnership with AXA while asset management activities are based on the offer of investment products of independent third parties.

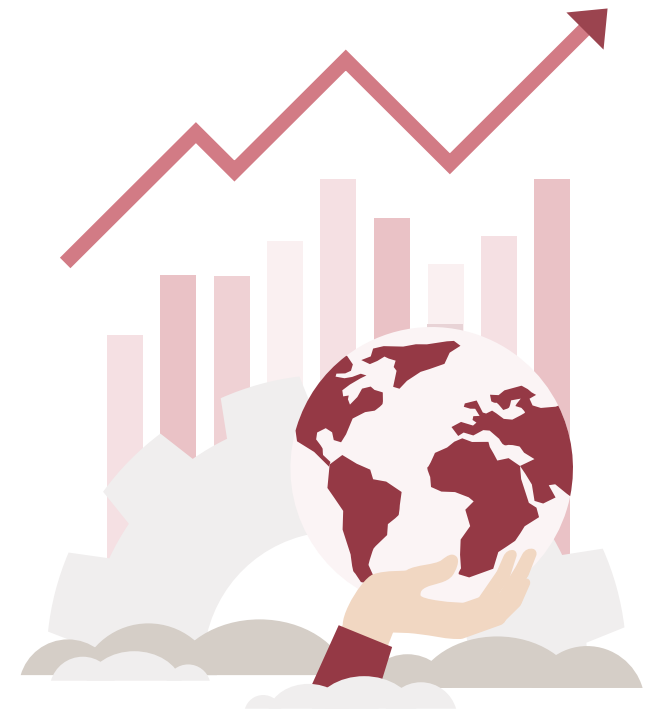
The Group combines traditional services offered through its network of branches and specialised centres with an innovative self-service and digital services system enhanced by the skills of the network of financial advisors through the subsidiary Widiba Bank. Foreign banking operations are focused on supporting the internationalisation processes of corporate clients in all major global financial markets.

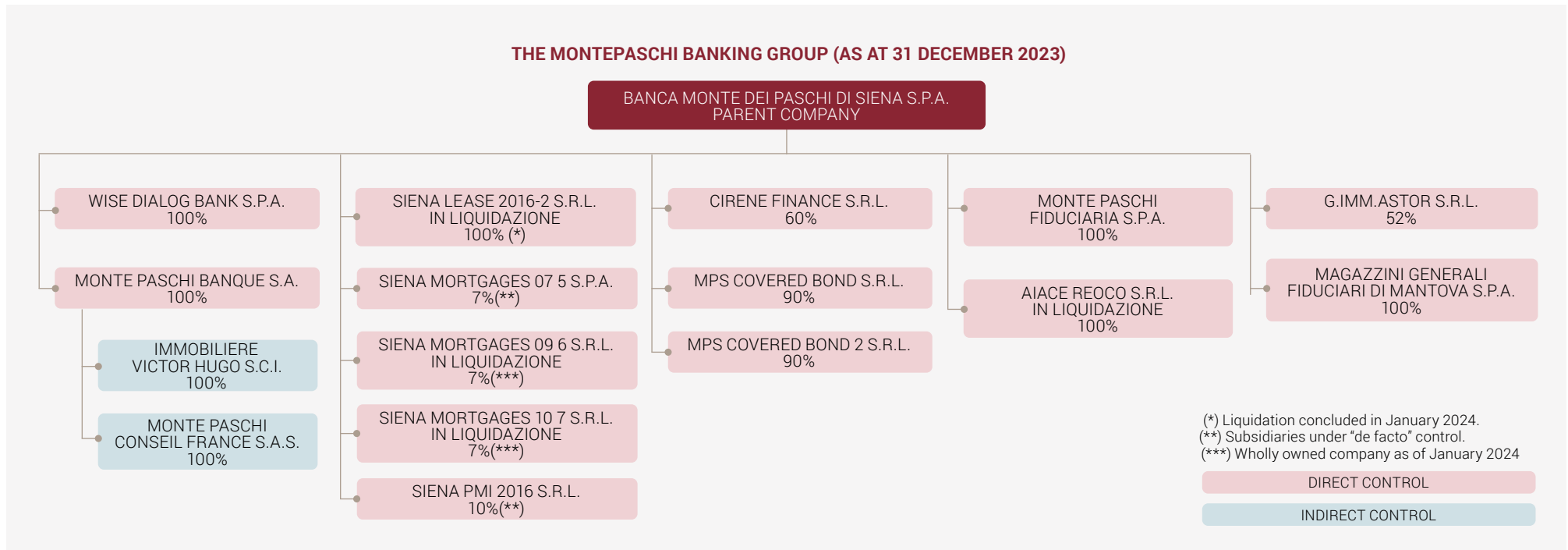
Intragroup relations are managed on the basis of a "Regulation for the operating governance of the Group" which governs and coordinates the Group's activities and ensures that results are achieved by means of well-defined rules and clear procedures for assigning management responsibilities, in compliance with the instructions given by the Supervisory Authorities in the interests of the Group's stability.

For additional details, see the website www.gruppomps.it/en – *About us – Presentation*.



View the Group Presentation





Following the completion of the above-mentioned mergers, with the incorporation of the subsidiaries MPS Leasing & Factoring S.p.A. (financial services bank) and MPS Capital Services S.p.A. (corporate bank) into BMPS, the structure of the Montepaschi Group has been simplified and, at the date of this Report, it comprises two subsidiary banks in addition to the Parent Bank, Banca Monte dei Paschi di Siena:

- **Wise Dialog Bank S.p.A. (Banca Widiba)**, the Group's Italian digital bank, which qualifies as a "larger bank or bank with more complex operations" and is subject to supervision by the European Central Bank under current corporate governance rules.
- **Montepaschi Banque S.A.**⁶, a French bank subject to the prudential supervision of the European Central Bank.

→ Further information on the 2023 merger can be found at www.gruppompms.it/en – *Investor Relations – Mergers*.

⁶ For Monte Paschi Banque S.A., the Parent Company decided in 2018 to initiate the orderly winding-down process by developing a plan in accordance with Commitment No. 14 "Disposal of participations and businesses", one of the formal commitments made with the European Commission as part of the Bank's precautionary recapitalisation in 2017. This Commitment includes: (i) a gradual and orderly deleveraging of the current loan portfolio and remaining assets, (ii) accepting deposits only from existing customers, excluding the possibility of developing new business and entering new markets. The subsidiary's performance in 2023 is essentially in line with what was expected from the Commitment. The aforementioned Commitment was confirmed in substance as part of the new Commitments relating to the 2022-2026 Business Plan announced on 3 October 2022.

Information on the shareholding structure

(as per Article 123-bis, Par 1 of the TUF)





a) Share Capital Structure

(as per Article 123-bis, Par. 1, Letter a) of the TUF)

As at the date of this Report, the subscribed and paid-in share capital amounts to Euro 7,453,450,788.44, divided into 1,259,689,706 ordinary shares with no indication of nominal value (unchanged from 31 December 2022).

There are no other categories of shares. Each share entitles the holder to one vote.

The shares are issued in dematerialised form. Procedures for the circulation and legitimization of shares are governed by law. BMPS shares are admitted to trading on the regulated market, Euronext Milan, which is organised and managed by Borsa Italiana S.p.A.

For further information and updates, please refer to the information published on the website www.gruppompas.it/en.

Other financial instruments granting the right to subscribe newly-issued shares

There are no outstanding financial instruments which grant the right to subscribe newly-issued shares of the Bank.



€ 7,453,450,788.44
SHARE CAPITAL



n. 1,259,689,706
N°. OF ORDINARY SHARES



100% Capital with voting rights
Shares listed on italian stock exchange - euronext milan

b) Restrictions on the transfer of shares

(as per Article 123-bis, Par. 1, Letter b) of the TUF)

The current By-Laws do not contain clauses restricting the transfer of shares.

c) Significant equity investments

(as per Article 123-bis, Par. 1, Letter c) of the TUF)

As this is a company with listed shares, the information provided is based on the communications received by the bank in accordance with applicable legislation (Article 120 of the TUF and the implementing Consob Issuer Regulation) and based on other information available as well as the information provided on Consob's website.

Shareholders who directly or indirectly own ordinary shares accounting for more than 3% of the Bank's share capital and who do not fall under the exemptions provided for by Article 119-bis of Consob's Issuer Regulation, are as follows:

SIGNIFICANT SHAREHOLDERS	
Declaring shareholder (Entity at the top of the shareholding structure)	% of ordinary and voting capital
Ministry of Economy and Finance ("MEF")	39.232%

→
View the Remuneration Policy Reports

→
View the material on the purchase of own shares and stock granting

↓
View the latest data on the Bank's main shareholders

On 23 November 2002, the MEF completed the sale of 314,922,429 ordinary shares of Banca Monte dei Paschi di Siena S.p.A., accounting for 25% of the share capital, through an "Accelerated Book Building – ABB" reserved for Italian and foreign institutional investors (the "**Transaction**"). Following the Transaction, the MEF's shareholding in BMPS decreased from 64.23% to 39.232% of the share capital.

Based on the criteria set out in the Corporate Governance Code, BMPS was a Company with Concentrated Ownership until the completion of the Transaction.

At the date of this Report, the Bank is subject to the dominant influence (so-called "de facto control") of the Ministry of Economy and Finance, a Significant Shareholder which has so far cast sufficient votes at the Ordinary Shareholders' Meeting of BMPS to appoint the majority of the Company's directors.

The latest data on the Bank's main shareholders can be viewed at www.gruppompaschi.it/en – Corporate Governance – Shareholding Structure.

d) Shares with special rights

(as per Article 123-bis, Par. 1, Letter d) of the TUF)

No shares with special control rights have been issued.

BMPS's By-Laws do not make provisions for shares with multiple or increased voting rights.

e) Employee share ownership: voting rights exercise mechanism

(as per Article 123-bis, Par. 1, Letter e) of the TUF)

The Shareholders' Meeting did not approve any Stock Granting Plans for employees of the Montepaschi Group, which may be implemented through the free allocation of ordinary BMPS shares.

Each employee of the Montepaschi Group holding ordinary BMPS shares deriving from former stock granting plans may exercise his/her voting rights at ordinary and extraordinary Shareholders' Meetings.

For further information on previous years, please refer to the disclosure on this subject pursuant to Article 84-bis of the Consob Issuer Regulation ("Information on the allocation of financial instruments to company representatives, employees or collaborators"), published (in Italian only) at www.gruppompaschi.it – Investor Relations – Azionariato e Titolo – Acquisto azioni proprie e stock granting. For the content and implementation of the above incentive plans, please refer to the Remuneration Policy Reports drawn up annually pursuant to Article 123-ter of the Consolidated Law on Finance and Article 84-quarter of the Consob Issuer Regulation, as well as to the documents made

available to the relevant Shareholders' Meetings and published on the website www.gruppompaschi.it/en - Corporate Governance - Remuneration/Shareholders' Meetings and Board of Directors.

f) Restrictions on voting rights

(as per Article 123-bis, Par. 1, Letter f) of the TUF)

There are no restrictions on voting rights.

g) Shareholder agreements

(as per Article 123-bis, Par. 1, Letter g) of the TUF)

The Bank is not aware of any shareholders' agreement stipulated in any form pursuant to Article 122 of the TUF, concerning the exercise of the rights inherent in the shares or the transfer thereof.

h) Change of control clauses and provisions of the By-Laws regarding takeover bids

(as per Article 123-bis, Par. 1, Letter h) of the TUF)

(as per Article 104, Par. 1-ter and Article 104-bis, Par.1)

In conducting its core business, the Bank stipulates funding or marketing agreements for products even of significant relevance which may envisage, according to negotiating practices, effects/modifications/settlement of the same in the event of a change of control of the contracting company.

The shareholders' agreement with AXA relating to the BMPS-AXA joint venture - a strategic partnership in life and non-life bancassurance and supplementary pension products for the distribution of insurance products through the Bank's commercial network - will remain in force until 2027.

BMPS and its subsidiaries have not entered into any significant agreements which take effect, are amended or terminated in the event of a change of control of the contracting company.

The By-Laws of BMPS do not provide for any exemptions to the passivity rule (Article 104, paragraphs 1 and 1-bis of the TUF) and to the neutralisation rules (Article 104-bis, paragraphs 2 and 3 of the TUF) prescribed by the TUF for takeover bids.



I) Direction and coordination

(as per Article 2497 et seq. of the Civil Code)

BMPS is not subject to direction and coordination pursuant to Article 2497 et seq. of the Civil Code since the MEF, albeit a controlling shareholder, has not provided any communications regarding the exercise of direction or coordination of BMPS.

In this regard, it should be noted that, on its website, the MEF specifies that it does not exercise direction and coordination of companies in which it holds an interest, pursuant to article 2497 of the Italian Civil Code, referring, in this regard, to a rule of authentic interpretation introduced into law by Article 19, paragraph 6 of Legislative Decree no. 78 of 1 July 2009, converted, with amendments, by Law no. 102 of 3 August 2009, by virtue of which in "Article 2497, paragraph 1, of the Italian Civil Code, entities shall be interpreted as referring to collective legal entities, other than the State, that hold share capital as part of their business activities or for economic or financial purposes".

i) Delegated powers to increase share capital and authorisations to buy back own shares

(as per Article 123-bis, Par. 1 Letter m) of the TUF)

DELEGATED POWERS

At the date of this report, there are no powers assigned to the Board of Directors pursuant to Article 2443 of the Civil Code by the Shareholders' Meeting.

PURCHASE OF OWN SHARES

At the date of this Report, there are no existing authorisations by the Shareholders' Meeting for the buy-back of own shares pursuant to Article 2357 of the Civil Code.





Compliance

(as per Article 123-bis, Par. 2, letter a), part I of the TUF)



View the the Corporate Governance Code

Adherence to the Corporate Governance Code

The Bank adheres to the Corporate Governance Code of listed companies, as approved in January 2020, accessible to the public on the website of the Committee for Corporate Governance of Borsa Italiana on the page <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf> and on the Bank's website www.gruppompis.it – *Corporate Governance – Governance Model*.

The best governance practices defined by the Principles and Recommendations of the Corporate Governance Code and the additional Recommendations received each year from the Italian Corporate Governance Committee complement the existing legal and supervisory banking and financial regulations.

The corporate governance system adopted consists of rules and structures that are coordinated in such a way as to be functional to the performance of the Bank's activities and the pursuit of its strategies, guaranteeing transparent and accurate management of internal relations between the various bodies and functions of the Company and between the latter and its shareholders and investors in general.

The Bank's adherence to the Corporate Governance Code – which fully embraces the Principles and Recommendations of the Code and of the Italian Corporate Governance Committee – is reflected in the balanced composition of the corporate bodies,

the equitable distribution of powers, the clear distinction of roles and responsibilities, the prevention of conflicts of interest, and organisational principles based on the effectiveness of controls, the identification and monitoring of all corporate risks, the adequacy of information flows, as well as corporate social responsibility and sustainability.

Neither BMPS nor its strategically significant subsidiaries are subject to non-Italian law provisions that influence the corporate governance structure of BMPS itself.

Considerations on the letter of the Chairperson of the Italian Corporate Governance

In its letter of 14 December 2023 the Chairperson of the Italian Corporate Governance Committee provided listed companies with the main general guidelines on the application of the Corporate Governance Code that had emerged from the monitoring activities carried out by the Committee, making some Recommendations for 2024 (**Committee Recommendations for 2024**).

At its meeting of 29 February 2024, the Board of Directors, with the support of the Risk and Sustainability Committee and the Remuneration Committee for the areas of their respective competences, confirmed the substantial compliance of the Bank's corporate governance model with the Principles and Recommendations of the Corporate Governance Code and, in particular, with the guidelines contained in the Committee's Recommendations for 2024.

The findings of the assessments conducted on the Committee's 2024 Recommendations are reported in the specific Sections of this Report, listed below:

The Bank's adherence to the **Corporate Governance Code** is reflected in the balanced **composition** of the **corporate bodies**, the equitable **distribution of powers**, the clear **distinction of roles and responsibilities**, the prevention of **conflicts of interest**.

RECOMMENDATION

FINDINGS

Business Plan

The Committee invites companies to provide appropriate disclosure on the involvement of the board in the review and approval of the business plan and in the analysis of issues relevant to long-term value creation

See Sections:

1. Company profile:

- Sustainability (ESG) in the Bank's and the Group's governance system
- Sustainability and 2022-2026 Business Plan

4.1 Role of the Board of Directors.**Pre-meeting information**

The Committee invites companies to provide adequate justification in the corporate governance report for any deviation from the timeliness of pre-meeting information for reasons of confidentiality, as may be provided for in the Board Regulation and/or adopted in practice.

See Sections:

4.4 - Functioning of the Board of Directors**6. - Board Committees****Optimal composition of the Board of Directors**

The Committee invites companies to clearly indicate in the Corporate Governance Report and to provide adequate justification if, on the occasion of the renewal of the board of directors, they have not provided guidance on the quantitative or qualitative composition of the board of directors and/or if they have not asked those submitting a "long" list to provide adequate information on the compliance of the list with the stated guidance. The Committee also invites companies to explain how the timing of the publication of the guidance was considered appropriate to allow adequate consideration by those submitting lists of candidates.

See Sections:

4.2 - Appointment and replacement of directors;**4.3 - Composition of the Board of Directors;****7.2 - Appointment and succession of directors****Majority voting**

The Committee invites companies to provide appropriate disclosure in the board's proposals to the Shareholders' Meeting on the introduction of majority voting, including the purpose of the decision and the expected impact on the shareholding and control structure and on future strategy. Companies are also encouraged to provide adequate justification for any failure to disclose these elements.

The Bank's By-Laws do not provide for majority voting.



Board of Directors

4.1 Role of the Board of Directors

the Board of Directors leads the Bank while pursuing **Sustainable Success**, with a view to **improving** the long-term **financial performance** as well as the **social and environmental impact** of the Bank's and the Group's business activity.

The Board is vested with all powers of ordinary and extraordinary administration, in compliance with the powers assigned to the Shareholders' Meeting and those conferred on it by law, regulations and the By-Laws, with the powers delegated by the Board itself and, in general, on the basis of the proposal-making powers conferred on the Chairperson, the Chief Executive Officer (if appointed) and the General Manager, with the support of the relevant committees for their respective areas of competence.

Exclusive powers of the Board

Under its exclusive powers (which may not be delegated), the Board of Directors:

- defines and approves the business model, the strategic guidelines for the Bank and the Group, the respective business and financial plans as well as the strategic transactions, integrated with the environmental, social and governance sustainability profiles relevant for the generation of long-term value and the pursuit of Sustainable Success;
- periodically monitors the correct and consistent implementation of the strategic guidelines and business plan in relation to the developments in company management and in the external context of reference, such as the competitive and regulatory scenario; at least

every quarter, and also when the Company's and the Group's financial results are presented, it assesses the general operating performance, taking into account the information received from the Chief Executive Officer and the delegated bodies and based on a comparison of the results achieved against those that were forecast;

- prepares the draft financial statements and submits it to the Shareholders' Meeting;
- defines the *Risk Appetite Framework* ("**RAF**"), i.e., the risk appetite, the tolerance thresholds, the risk limits, the risk governance policies (detection, management and assessment over time) as well as the relevant processes in line with the maximum level of risk that can be assumed, the business model and the approved strategic plan (on this subject, please refer to Section 9);
- determines the principles for the general organisation of the Bank, approving (and amending) its organisational structure and main internal regulations, and monitoring their adequacy over time; it ensures on an ongoing basis that tasks and responsibilities are assigned in a clear and appropriate manner, through the definition of a general organisational model and appropriate delegation procedures; it expresses the general guidelines for the structure and operations of the Banking Group, determining the criteria for the coordination and management of the



subsidiaries belonging to the same Banking Group, as well as for the implementation of the instructions issued by the Bank of Italy;

- defines and approves the guidelines of the internal control system, verifying its adequacy, coherence, functionality, efficiency and effectiveness in compliance with the applicable supervisory regulations, in line with the strategic plan, the RAF, the ICAAP/ILAAP⁶ and the budget, taking timely corrective measures in the event of deficiencies and anomalies;

⁶ ICAAP - *Internal Capital Adequacy Assessment Process*, ILAAP - *Internal Liquidity Adequacy Assessment Process*.

- approves the accounting and reporting system (on this subject, please refer to Section 9.6);
- has general responsibility for setting guidelines for and controlling the information system;
- makes decisions with regard to the transactions of the Bank and, as Parent Company, of its subsidiaries (in this case through the "Parent Company's prior opinion" tool) concerning relevant matters⁷ (matters that have a significant strategic, economic, capital or financial relevance, entailing the assumption of additional risks and for all other matters governed/identified as such by the By-Laws of the Parent Company and the subsidiaries and by Group regulations)⁸;
- approves major transactions with related parties or minor transactions falling within the competence of the Board of Directors (on this subject, please refer to Section 10);
- establishes the Committees with advisory and proposal-making duties towards the Board (with regard to the Board Committees: Appointments Committee, Remuneration Committee, Risk and Sustainability Committee and

⁷ The By-Laws (Article 17, paragraph 1) in particular, reserves to the Board the power to resolve upon mergers by incorporation of companies entirely owned or held with a share of at least 90% of the capital (see Articles 2365, 2505 and 2505-bis of the Italian Civil Code), as well as the establishment and closing of secondary offices, and any adjustment to the By-Laws in order to comply with regulations. The Board of Directors is also responsible for deciding on the acquisition and disposal of strategic shareholdings or shareholdings involving changes in the banking group or business units.

⁸ The "Group's Operational Governance Regulation" approved by the Board of Directors, governs – in close synergy with the other internal regulations – the strategic and operational responsibilities of the Parent Company and the Group Companies with regard to corporate processes, operational procedures and the circulation of information flows, in order to ensure that common objectives are achieved in compliance with the legal autonomy of the Group companies and the principles for their proper corporate and business management.

Related-Party Transactions Committee – please refer to Sections 6,7, 8, 9 e 10);

- resolves on the appointment and removal from office of the General Manager and one or more Deputy General Managers (including the Acting Deputy General Manager, if any) and the Managers in charge of the Internal Audit, Compliance, Risk Control and Anti-Money Laundering Functions (after consulting the Board of Statutory Auditors), adopting all measures relating to their legal and economic status, as well as the appointment of the Managers in charge of the Key Corporate Functions, as defined by the regulations in force at the time⁹, for which appointment by the Board is required;
- resolves on the appointment and removal from office of the Employer for the protection of health and safety at work, based on the criteria laid down by law;
- supervises the public disclosure process as well as the communication of the Bank's and the Group's corporate information, with particular regard to inside information (on this subject, please refer to Section 5), and promotes dialogue with shareholders and other relevant stakeholders of the Bank, taking also account of the rules and criteria established by corporate regulations, its own internal Regulations and its specific Policy for Dialogue with the Bank's shareholders and investors (current and potential), regarding which additional information is provided in Section 12.

⁹ Pursuant to MEF Decree no. 169/2020, the "Heads of the key corporate functions" are: the Heads of the anti-money laundering function, the regulatory compliance function, the risk control function and the internal audit function (as defined by the provisions on internal controls issued pursuant to Article 53 of the Consolidated Law on Banking) and the Chief Financial Officer of the company, as well as, where present and if different from the latter, the Financial Reporting Officer as provided for in Article 154-bis of the Consolidated Law on Finance.



Activities in 2023

For further details on the decisions taken in 2023 by the Board of Directors with the support of the Board Committees, including those pertaining to strategy and risk identification and management, monitoring and adjustment of the internal control system, analysis and monitoring of sustainability issues relevant to long-term value creation, and the approval of strategic transactions, please refer to Section 1 (Company Profile), Section 7.3 (Appointments Committee), Section 8.3 (Remuneration Committee) and Section 9 (Internal Control and Risk Management System – Risk and Sustainability Committee).

The composition and functioning of the Board of Directors are dealt with in the following paragraphs of Section 4.

The self-assessment of the Board and the Board Committees, the appointment and succession of directors and management continuity plans are dealt with in greater detail in Section 7.

For remuneration policy, see section 8.

MEETINGS IN 2023

- In 2023, a total of 16 meetings of the Board of Directors were held, with an average duration time 4 hours and 58 minutes.
- As at the date of this Report, a total of 3 meetings have been held. A further 10 meetings have already been scheduled for the remainder of 2024.
- Each director's attendance at Board meetings in 2023 is shown in Table no. 1 (outgoing Board) and in Table 2 (new Board).



MEETINGS OF THE BOARD OF DIRECTORS APPOINTED BY THE SHAREHOLDERS' MEETING OF 20 APRIL 2023



99.33
% OF ATTENDANCE

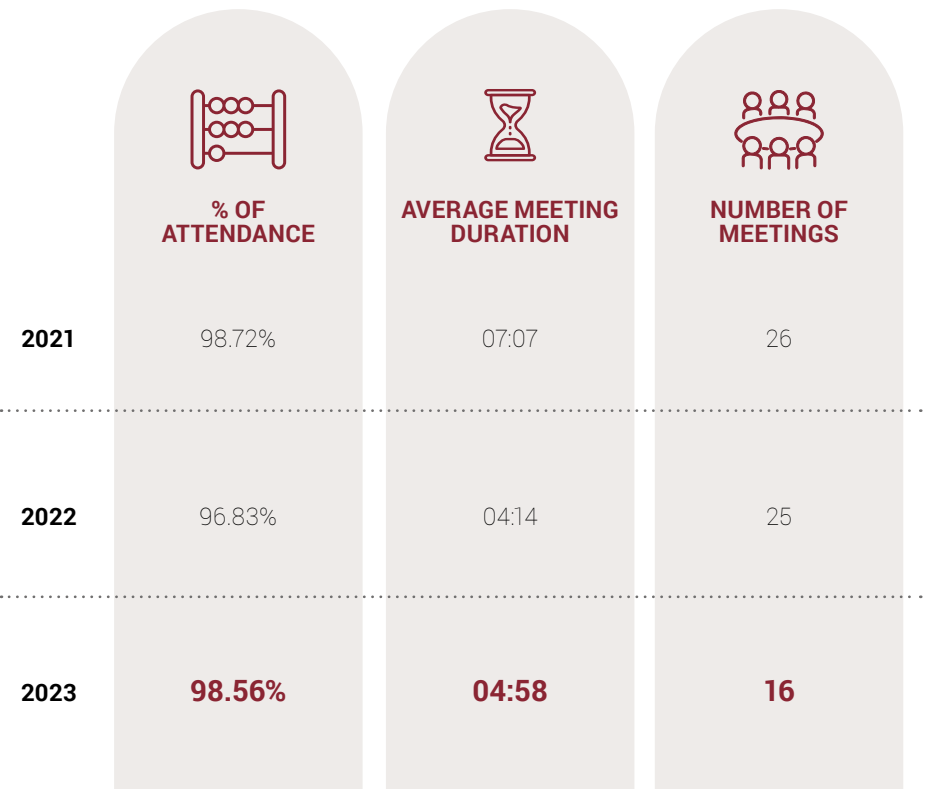


04:58
AVERAGE MEETING DURATION



10
NUMBER OF MEETINGS

MEETINGS OF THE BOARD OF DIRECTORS IN THE PERIOD 2021-2023



4.2 Appointment and replacement

(as per Article 123-bis, Par. 1, Letter I) of the TUF)

The Ordinary Shareholders' Meeting appoints the Board of Directors and determines the number of its members, which cannot be less than nine or more than fifteen, as established by the By-Laws.

Directors' term of office is three years and expires on the day of the shareholders' meeting called to approve the financial statements of the most recent financial year of their term. Directors may be re-appointed for a maximum of two consecutive terms after the first one, with the exception of the Chief Executive Officer/Chief Executive Officers, to whom the limitations on the number of terms of office do not apply.

The Board of Directors is appointed by the Shareholders' Meeting on the basis of lists of candidates submitted by the shareholders in accordance with the procedure and methods set out in Article 15 of the By-Laws, to which reference should be made for further details.

Presentation of the lists of candidates

Only shareholders that, either individually or together with other shareholders, collectively hold shares representing at least 1% of the Company's share capital with voting rights at the Ordinary Shareholders' Meeting, or a different percentage required by applicable regulations are entitled to submit lists of candidates for the office of director. Each shareholder may submit or contribute to the submission of one list only and each candidate may stand for election in one list only, under penalty of ineligibility.



The lists are drawn up in accordance with the criteria laid down in Article 15 of the By-Laws to ensure:

an adequate number of independent directors: in each list, at least two specifically named candidates – or the only candidate or, in the case of lists with more than six (6), at least one third¹⁰ (or the higher percentage provided for by the laws, regulations and Corporate Governance Code in force at the time), must meet the independence requirements established by the applicable laws and regulations in force and the additional ones provided by the Code;

gender balance: the lists must include candidates of different genders, in accordance with the legislation in force at the time¹¹.

¹⁰ Rounded up if the quota of one third does not correspond to a whole number.

¹¹ The regulations on gender balance (Articles 147-ter and 148 of the TUF and Articles 144-*undecies*.1 of Consob's Issuer Regulation) establish that the less-represented gender must make up at least two fifths of the members of the management and control bodies of listed companies.

The notice convening the Shareholders' Meeting states the deadline for submitting the lists of candidates to the Company and, from time to time, specifies the documents that must be submitted with the lists in accordance with the law, including the regulations in force from time to time. The lack of documentation regarding an individual candidate on a list does not automatically result in the exclusion of the entire list, but only of the candidate concerned. For further details on the minimum requirements for candidates, please refer to Article 15 of the By-Laws.

Lists submitted that do not comply with the By-Laws cannot be voted.

In accordance with the Supervisory Provisions on the Corporate Governance of Banks, when the Shareholders' Meeting for the renewal of the Board of Directors is convened, shareholders intending to submit lists of candidates are provided with the guidelines of the outgoing Board of Directors, which have been drawn up to facilitate the election of a new Board that is suitably sized and diverse in terms of the profiles of the managers and professionals whose presence is considered appropriate for the sound and prudent management of the Bank, in line with its strategic objectives. On this issue, please refer to Section 4.3 – Diversity policies and criteria in the composition of the Board of Directors.

Election of directors

Each shareholder entitled to vote may vote for only one list. In accordance with Article 15 of the By-Laws, the Board of Directors is elected as follows:

a) all of the Directors to be elected less three (3) or the smallest

number of Directors that exhausts the candidates of the list shall be drawn from the list obtaining the majority of the votes expressed, in the progressive order with which they are listed in that list;

b) the remaining Directors shall be drawn from the other lists; to this purpose, the votes obtained by the lists shall be divided subsequently by one, two, three, four and so on according to the number of directors still to be elected. The quotients obtained shall be assigned progressively to the candidates of each list according to their related order. The quotients assigned to the candidates of the various lists shall be listed in decreasing order.

The candidates obtaining the highest quotients shall be elected. If several candidates have obtained the same quotient, the candidate of the list that has not yet elected a director or that has elected the lowest number of directors shall be elected. In any case, even in derogation from the above provisions, at least one director must be drawn from minority list which has obtained the highest number of votes and is in no way linked, either directly or indirectly, with the parties that submitted or voted the list ranking first by number of votes.

For further details, please refer to Article 15 of the By-Laws

Minority representation

For the allocation of the directors to be elected, the Bank's By-Laws do not provide for the exclusion of the lists that have not obtained a percentage of votes equal to at least half the one required by the By-Laws for presentation of the lists (see Article 147-ter, Par. 1 of the TUF), i.e. at least 1% of the share capital of the Bank with voting rights in the ordinary Shareholders' Meeting (or the different percentage applicable under the rules in force).

Independent directors

If, as a result of the voting, at least one third (or the higher percentage provided by the laws, regulations and the Corporate Governance Code in force at the time) of the directors that meet the independence requirements provided have not been appointed, the required number of last non-independent directors shall be replaced with independent candidates - drawn from the same lists of the replaced candidates - who have obtained the highest quotient.

The candidate replaced for the purpose of allowing the appointment of the minimum number of independent directors shall in no case be drawn from the minority list which obtained the majority of votes and no way be linked, directly or indirectly, with the parties that submitted or voted the list which obtained the majority of votes. In this case, the non-independent candidate which ranked last but one by quotient achieved shall be replaced.

Gender balance

If application of the foregoing procedures does not ensure compliance with the current regulations in force on gender balance, the quotient of votes to be assigned to each candidate from the lists shall be calculated by dividing the number of votes obtained by each list by the progressive number of listing of each candidate.

The candidate of the most represented gender with the lowest quotient among the candidates taken from all the lists is replaced by the candidate of the least represented gender who has obtained the highest quotient in the same list as the replaced candidate. If candidates from different lists have obtained the same quotient, the candidate of the list with the

highest number of directors, or the candidate from the list with the lowest number of votes or, at a parity of votes, the candidate obtaining the lowest number of votes from the Shareholders' Meeting during a specific voting, shall be replaced.

Supplementary measure

In the event of application of the above procedures, should the number of directors necessary to comply with the minimum number of independent directors and of directors of the least represented gender not be appointed due to an insufficient number of independent directors or of the least represented gender, the Shareholders' Meeting shall appoint the missing directors by resolution approved by simple majority on the basis of the candidatures proposed, there and then, primarily by the parties that submitted the list of the candidate or candidates to be replaced.

For the appointment of directors who, for any reason whatsoever, are not appointed in accordance with the procedure described herein, the Shareholders' Meeting shall decide in accordance with and by the majorities provided by law, without prejudice to the criteria set forth in the regulations in force and in the By-Laws regarding independent directors and gender balance. See Section 7 for details on the role of the Board of Directors and the Appointments Committee in the processes for the appointment and succession of directors and for the self-assessment of the Board.

Further details on the procedure for the appointment of the Board of Directors elected by the Shareholders' Meeting of 20 April 2023 for the three-year period 2023-2025 can be found in the documents published on the website www.gruppompis.it/en – *Shareholders' Meetings and BoDs*.

Fit and proper requirements for bank directors

The applicable national and supranational banking sector laws and regulations in force as well as the By-Laws require bank directors to meet the standards of integrity, professional experience and, in the cases provided for by law, independence, including independence of judgment¹², and comply with the criteria of competence and fairness, the limits on the number of offices held, and the time commitment necessary for the correct and effective fulfilment of their duties, which is estimated by the Board and specified in the qualitative and quantitative Guidelines made available to shareholders at the time of the renewal of the Board of Directors (for more information on the Guidelines, see section 4.3).

It is the task of the Bank's Board of Directors to assess the suitability of its members, which includes verifying that there are no relevant situations relating to the interlocking ban pursuant to Article 36 of Legislative Decree 201/2011 – converted into Law 214/2011, that prohibits directors, statutory auditors and general managers from taking on or performing similar duties in competitor companies or groups operating in the credit, insurance or financial markets.

The Board assesses the requirements on the basis of the information provided by the interested parties and any other relevant information reasonably available to the Bank, in compliance with the Italian and European laws in force (Article 26 of the TUB which incorporates the CRD Directive and implementing ministerial provisions) taking also account of the application criteria in the *"Guide to fit and proper*

¹² All members of the Board of Directors must act with full independence of judgement and awareness of the rights and duties inherent in their office, in the interests of the sound and prudent management of the Bank and in compliance with the law and any other applicable regulations.

assessments" issued by the ECB and the joint EBA-ESMA *"Guidelines on the assessment of the suitability of members of the management body and key function holders"*. The Principles and Recommendations of the Corporate Governance Code are also taken into account.

The requirements and eligibility criteria must be met for the duration of the Board's term of office.

The Board of Directors is also responsible for confirming the suitability of the candidates during their term of office, when any relevant events occur¹³ and, in any case, at least once a year.

The results of the assessment of the eligibility of the elected candidates are subject to evaluation by the Bank of Italy and the European Central Bank and are disclosed to the public pursuant to the Consob Regulations for Issuers and the Corporate Governance Code.

With regard to the aspects of governance, the process of verifying the eligibility requirements is conducted by the Board of Directors, with the support of the Appointments Committee, in compliance with the By-Laws, the applicable regulations in force and in accordance with the principles and responsibilities contained in the Group Directive on the assessment of the eligibility of its own corporate officers and those of the Group's banks and financial intermediaries falling

¹³ If, after the appointment of the officers, there are any events which – in relation also to the bank's operating circumstances – affect the officer's situation, his/her role within the corporate organisation or the collective composition of the Board, the latter shall carry out a new assessment of the fit and proper requirements of the officers concerned, as well as the suitability of the Board's collective composition and its compliance with the maximum number of directorships that can be held.



within the scope of application of the relevant regulations (in particular, in accordance with the provisions of MEF Decree no. 169/2020 and the "Supervisory Provisions on the procedure for assessing the suitability of corporate officers of banks, financial intermediaries, electronic money institutions, payment institutions and depositor guarantee schemes" issued by the Bank of Italy on 4 May 2021 and effective as of 1 July 2021).

The Group Directive also includes the model of information flows between the Parent Company and the companies of the Group subject to compliance with the regulations on the eligibility requirements of their officers, in order to coordinate the successful outcome of the administrative procedures initiated, from time to time, with the relevant Supervisory Authorities (Bank of Italy and European Central Bank) as prescribed by the relevant supervisory regulations in force.

Maximum number of offices held in other companies – time commitment to fulfil duties

Each Director is required to dedicate an adequate amount of time to the performance of his or her duties in the Bank (so-called time commitment) and to comply with the maximum number of offices established in the applicable regulations.

In compliance with the applicable banking regulations¹⁴, the Regulation of the Board of Directors defines the criteria for assessing whether each director's time commitment is suitable for the effective performance of his or her duties, taking into account any positions held in other companies, enterprises or

¹⁴ MEF Decree no. 169/2020 (Section V), introduced stricter criteria and limits to be complied with for verifying the time commitment and maximum number of offices that can be held (total number of positions in banks or other commercial companies).

bodies, any additional work and professional activities carried out as well as any other professional situations or circumstances that may affect the director's time commitment, in compliance, in any event, with the maximum number of directorships established by the regulations themselves.

The Regulation of the Board of Directors also sets out the obligations of directors in order to ensure compliance with the time commitment requirement during the term of office.

At the end of 2023, an internal assessment of the Board of Directors was also carried out with a view to potentially updating the estimated time commitment required to perform the duties of a BMPS director, taking into account the activities performed (e.g. as a member or Chairperson of a Board committee) and the experience gained by directors during their first year in office.

The results of the assessment will be taken into account when updating the internal guidelines on time commitment, in line with the guidelines issued by the ECB.

Regarding the assessment of the number of offices held, based on the banking regulations applicable to larger sized banks or banks with greater operational complexity, the Board considers the:

quantitative factors regarding the number of positions held in the Bank and the number of positions in other banks or non-competitor commercial companies, within the limit of 1 executive position and 2 non-executive positions or 4 non-executive positions, excluding from the calculation:

1. directorships in organisations which do not pursue predominantly commercial objectives and those in companies or entities whose sole purpose is to manage the private interests of the officer (or of the spouse who is not legally separated, the person bound by civil union or de facto cohabitation, relative or kin up to the fourth degree) and which do not require any type of day-to-day management by the exponent; appointments as a professional in professional companies; appointments as an alternate auditor;
2. certain multiple directorships falling within the scope of "privileged counting" and which, therefore, count as a single directorship: (a) directorships held within the same group, as defined by the applicable regulations; (b) directorships held within institutions which are members of the same institutional protection scheme; c) directorships held within entities in which the Bank holds a qualifying holding (amounting to at least 10% of the share capital or voting rights or which enables the exercise of a significant influence on the management of that company);

qualitative factors regarding the nature of the directorship (whether executive or non-executive, whether a member of a Board Committee; the size, activity and complexity of the bank or other commercial company, the duration of the additional position; the level of expertise acquired by the officer for carrying out the position in the bank and any synergies between the different positions).

Further details of the activities carried out in 2023 with regard to the requirements of Bank officers, and in particular with regard to the audits carried out by the newly appointed Board of Directors at the beginning of its term of office, are provided in sections 4.3 and 4.7.

4.3 Composition

(as per Article 123-bis, Par. 2, letter d) and d-bis) of the TUF)

The current Board of Directors, whose term of office expires on the date of the Shareholders' Meeting called to approve the 2025 financial statements, was appointed by the Shareholders' Meeting of 20 April 2023, which set the total number of Directors at fifteen.

Following the resignation in November 2023 of Director Marco Giorgino, who was elected from the minority list, preliminary activities have been initiated to assess the integration of the Board of Directors.

The table below shows the Directors in office at the date of this Report.

(*) Director who meets the independence requirements established by Article 15 of the By-Laws: independence requirements established by Article 147-ter and Article 148, paragraph 3 of the TUF, Article 13 of MEF Decree no. 169/2020 and Article 2 of the Corporate Governance Code.

(1) Appointed Chairperson of the Risk and Sustainability Committee on 14 December 2023.

(2) Appointed member of the Remuneration Committee on 14 December 2023.

(3) Appointed member of the Risk and Sustainability Committee on 14 December 2023.

BOARD MEMBER	OFFICE
MAIONE NICOLA (*)	<ul style="list-style-type: none"> Chairperson
BRANCADORO GIANLUCA (*)	<ul style="list-style-type: none"> Deputy Chairperson Chairperson of the Remuneration Committee
LOVAGLIO LUIGI	<ul style="list-style-type: none"> Chief Executive Officer (CEO) General Manager
BARZAGHI ALESSANDRA GIUSEPPINA (*) (1)	<ul style="list-style-type: none"> Director Chairperson of the Risk and Sustainability Committee Member of the Related-Party Transactions Committee
DE MARTINI PAOLA (*) (2)	<ul style="list-style-type: none"> Director Member of the Appointments Committee Member of the Remuneration Committee
DI STEFANO STEFANO	<ul style="list-style-type: none"> Director Member of the Risk and Sustainability Committee
FABRIS DE FABRIS PAOLO (*)	<ul style="list-style-type: none"> Director Member of the Related-Party Transactions Committee Member of the 231 Supervisory Board
FOTI BELLIGAMBI LUCIA (*) (2)	<ul style="list-style-type: none"> Director Member of the Related-Party Transactions Committee Member of the Remuneration Committee
LOMBARDI DOMENICO (*)	<ul style="list-style-type: none"> Director Chairperson of the Appointments Committee Member of the Risk and Sustainability Committee
LUCANTONI PAOLA (*)	<ul style="list-style-type: none"> Director Member of the Risk and Sustainability Committee
MARTINIELLO LAURA (*) (3)	<ul style="list-style-type: none"> Director Member of the Appointments Committee Member of the Risk and Sustainability Committee
NEGRI-CLEMENTI ANNA PAOLA (*)	<ul style="list-style-type: none"> Director Chairperson of the Related-Party Transactions Committee Member of the Remuneration Committee
SALA RENATO (*)	<ul style="list-style-type: none"> Director Member of the Appointments Committee Member of the Remuneration Committee
VISCONTI DONATELLA (*)	<ul style="list-style-type: none"> Director Member of the Appointments Committee Member of the Related-Party Transactions Committee

Three lists of candidates for the position of Director of the Bank were submitted to the Shareholders' Meeting of 20 April 2023, which was convened, *inter alia*, to renew the corporate bodies.

In accordance with the criteria laid down in the By-Laws, the law and the regulations, and with the aim of ensuring gender diversity, a minimum number of independent directors and the presence of directors expressed by minority shareholders, the twelve candidates from the majority list (list no. 1) and the three candidates from the minority list that obtained the second highest number of votes (list no. 2) were elected as members of the new Board of Directors.

The table summarises the details of the resolutions adopted by the Shareholders' Meeting with regard to the three lists of candidates proposed by the shareholders for the renewal of the Board of Directors.

List of candidates ¹⁵	Shareholder	Candidates	Votes obtained by the list at the Shareholders' Meeting
List no. 1 majority list	Ministry of Economy and Finance, holder of 809,130,220 shares (64.23% of the share capital).	Maione Nicola, Lovaglio Luigi, Lucantoni Paola, Negri-Clementi Anna Paola, Martiniello Laura, Visconti Donatella, Brancadoro Gianluca, Foti Belligambi Lucia, Lombardi Domenico, Fabris De Fabris Paolo, Sala Renato and Di Stefano Stefano.	Total votes 840,898,303, accounting for 80.977787% of the shares entitled to vote and counted and 66.754400% of the share capital. <i>All the candidates were elected.</i>

¹⁵ On 27 March 2023, the Board of Directors, in compliance with Article 148, paragraph 2 of the TUF and Article 144-quinquies of the Consob Issuer Regulation, and taking into account the recommendations contained in Consob's Notification DM/9017893 of 26 February 2009, declared that, to the best of the Bank's knowledge, there is no relationship of affiliation pursuant to the above legislation, between the persons who submitted the so-called "minority lists" for the election of the Board of Directors (identified above as List no.2 and List no.3) and the controlling shareholder MEF (which holds a controlling interest of 64.23% of the Bank's share capital).

List of candidates ¹⁵	Shareholder	Candidates	Votes obtained by the list at the Shareholders' Meeting
List no. 2 minority list	Arca Fondi Sgr S.P.A. fund manager of: Fondo Arca Azioni Italia, Fondo Arca Economia Reale Bilanciato Italia 30; BancoPosta Fondi S.p.A. SGR fund manager of Bancoposta Rinascimento; Eurizon Capital SGR S.p.A. fund manager of: Eurizon Global Dividend Esg 50 – Luglio 2025, Eurizon Global Dividend Esg 50 – Ottobre 2025, Eurizon Step 50 Global Leaders Esg Giugno 2027, Eurizon Global Leaders, Eurizon Global Leaders Esg 50 – Dicembre 2025, Eurizon Recovery Leaders Esg 40 – Dicembre 2025, Eurizon Top Recovery Esg Gennaio 2026, Eurizon Global Leaders Esg 50 – Marzo 2026, Eurizon Global Leaders Esg 50 – Giugno 2026, Eurizon Am Global Multiasset 30, Eurizon Am Global Multiasset II, Eurizon Global Leaders Esg 50 – Luglio 2026, Eurizon Am Ritorno Assoluto, Eurizon Global Leaders Esg 50 – Novembre 2026, Eurizon Global Leaders Esg 50 – Settembre 2026, Eurizon Investi Graduale Esg 30 – Marzo 2027, Eurizon Investi Graduale Esg 30 – Gennaio 2027, Eurizon Global Leaders Esg 50 – Gennaio 2027, Eurizon Global Leaders Esg 50 – Marzo 2027, Eurizon Am Tr Megatrend, Eurizon Am Tr Megatrend II, Eurizon Step 50 Global Leaders Esg Settembre 2027, Eurizon Global Dividend, Eurizon Global Dividend Esg 50 – Maggio 2025, Eurizon Progetto Italia 70, Eurizon Pir Italia Azioni, Eurizon Progetto Italia 40; Eurizon Capital S.A. fund manager of Eurizon Fund comparti: Eurizon Next – Strategia Absolute Return, Eurizon Next – Strategia Megatrend, Eurizon AM SICAV – Low Carbon Euro, Eurizon AM SICAV- Absolute Return Moderate ESG, Eurizon AM SICAV – Absolute Return Solution, Eurizon AM SICAV – Global Dynamic Allocation, Eurizon AM SICAV – Global Multiasset 15, Eurizon AM SICAV – Global Multiasset 30, Eurizon AM SICAV – Global Multistrategy, Eurizon Fund – Italian Equity Opportunities, Eurizon Fund – Absolute Return Solution; Fidelity Funds – Italy; Fideuram Asset Management Ireland gestore del fondo Fonditalia Equity Italy; Fideuram Intesa Sanpaolo Private Banking Asset Management Sgr S.P.A. fund manager of: Fideuram Italia, Piano Azioni Italia, Piano Bilanciato Italia 50, Piano Bilanciato Italia 30; Interfund Sicav – Interfund Equity Italy; Mediolanum Gestione Fondi Sgr S.P.A. fund manager of: Mediolanum Flessibile Futuro Italia e Mediolanum Flessibile Sviluppo Italia, holders of a total of 17,401,244 shares (1.38139% of share capital).	Giorgino Marco ¹⁶ , Barzagli Alessandra Giuseppina e De Martini Paola.	Total votes 157,937,995, accounting for 15.209294% of the shares entitled to vote and counted and 12.537849% of the share capital. <i>All the candidates were elected.</i>
List no. 3 minority list	Fondazione Monte dei Paschi di Siena, Compagnia di San Paolo, Fondazione Cariplo, Fondazione Cassa dei Risparmi di Forlì, Fondazione Cassa di Risparmio di Cuneo, Fondazione Cassa di Risparmio di Firenze, Fondazione Cassa di Risparmio di Lucca, Fondazione Cassa di Risparmio di Pistoia e Pescia, Fondazione Cassa di Risparmio di Torino, Fondazione di Sardegna, holders of a total of 29,037,771 shares (2.305 % of share capital).	Gabbi Giampaolo, Patrini Donata Paola, Perrone Andrea Paolo, Guglielmetti Antonella.	Total votes 39,531,994, accounting for 3.806897% of the shares entitled to vote and counted and 3.138233% of the share capital. <i>No candidate was elected.</i>

¹⁶ On 13 November 2023, the Director Marco Giorgino resigned from his position as Director of the Bank.



View the *curricula vitae* of the Board of Directors

All members of the Board of Directors in office meet the fit and proper requirements for the performance of their duties, as set out in the laws and regulations applicable to banks (see Sections 4.2 and 7.1).

For detailed information on the personal and professional background of each director in office, please refer to the *curricula vitae* published on the website at www.gruppomps.it/en - Corporate Governance - Board of Directors.

For additional details and information on the composition of the Board of Directors in office, please refer to attached Tables no. 2 and 2-bis and the 2023 Board self-assessment described in Section 7.1.

Diversity policies and criteria in the composition of the Board of Directors and corporate organisation

The By-Laws¹⁷, the Regulations and the internal Self-Assessment Regulations adopted by the Board of Directors, the Supervisory Provisions on the Corporate Governance of Banks¹⁸, the rules on the requirements of bank officers¹⁹, as well as the Principles

¹⁷ Articles 13, 15 and 18.

¹⁸ Section IV – Composition and appointment of the corporate boards.

¹⁹ Article 26 of the TUB and MEF Decree no. 169/2020, in addition to the Guidelines and Recommendations of the European Supervisory Authorities.

and Recommendations of the Corporate Governance Code²⁰ to which the Bank adheres, constitute the regulatory framework for ensuring that the qualitative composition of the Bank's Board of Directors is suitably diversified and capable of guaranteeing its effective functioning, taking into account each director's personal characteristics, professional training and expertise, independence and independent judgment, gender, geographical provenance and ability to contribute to the Board's work towards meeting the strategic and business objectives set and the general needs of the Bank and the Group.

In compliance with this regulatory framework – taking also account of the results of the periodic self-assessment and with a view to ensuring the correct, effective and efficient functioning of the Board against the objectives identified for renewed mandate – **the outgoing Board of Directors**, with the support of the Appointments Committee, **sets out the qualitative-quantitative composition of the Board considered optimal ex ante** – pursuant also to MEF Decree no. 169/2020 – in specific **Guidelines** that also identify and motivate the theoretical candidate profile deemed best suited to the objectives established for the renewed mandate (strategic, business and corporate governance objectives) and for the ideal, overall composition of the Board of Directors.

Particular consideration is also given to the Recommendations of the Corporate Governance Code (in terms of the proportion of independent directors, specific professional skills, and the composition of Board Committees) and the Supervisory Corporate Governance Provisions, which provide for an optimal qualitative-quantitative composition of the Board of Directors,

²⁰ Article 2 – Composition of the corporate boards.

with members that²¹:

- are fully aware of the powers and obligations inherent in the functions that each individual is required to carry out (supervisory or management function, executive and non-executive functions, independent members);
- have the professional requirements to perform the duties assigned to them, including in any committees within the board of directors itself, commensurate with the operating and dimensional characteristics of the bank;
- have skills that are appropriately diversified, so each of the members, both within the committees that they participate in and in board decisions, may effectively contribute, among other things, to identify and pursue appropriate strategies and ensure effective governance of risk throughout all areas of the bank;
- dedicate adequate time and resources to the complexity of their task, subject to the compliance with the limitations on the plurality of offices as provided in implementation of the CRD;

²¹ The MEF Decree no. 169/2020 provides for a suitably diversified composition of the management and control bodies so as to: promote internal debate and dialogue; encourage a plurality of approaches and perspectives when analysing issues and taking decisions; effectively support the corporate processes for the formulation of strategies, management of activities and risk, and control over the work of top management; take into account the multiple interests that contribute to the sound and prudent management of the Bank. For these purposes, the Bank must therefore consider the presence on its Board of Directors and Board of Statutory Auditors of members: a) that are diversified in terms of age, gender and tenure; b) whose collective skills are suitable to achieve the above objectives; c) in a number that is suitable to ensure that the board is effective and not oversized. Consideration is also given to the bank's legal form, the type of business carried out, its activities on national and/or international markets, its ownership structure, whether or not it belongs to a banking group, and the constraints imposed by legal and regulatory provisions on the composition of the corporate bodies.

- address their action to the pursuit of the overall interests of the Bank, regardless of the shareholders who voted for them or the list from which they are selected; they shall operate with independent judgment.

Activities in 2023

In view of the Shareholders' Meeting of 20 April 2023 to renew the corporate boards, on 19 January 2023, the outgoing Board of Directors, with the support of the Appointments Committee, approved the document "*Guidelines of the Board of Directors of Banca Monte dei Paschi di Siena S.p.A. to Shareholders on the size and composition of the new Board of Directors*" ("**Guidelines**"), published on 2 March 2023, addressed to all shareholders intending to submit a list of candidates for the appointment of the Bank's new Board of Directors.

The published Guidelines took into account the results of the self-assessment carried out in relation to the last year of the outgoing Board's mandate (Board Review 2022) and the activities expected of the new Board in order to develop the Bank's activities in line with the 2022-2026 Business Plan and the commitments made towards Europe.

In the explanatory reports of the Board of Directors, drawn up in accordance with Article 125-ter of the TUF with regard to the items on the agenda of the Shareholders' Meeting of 20 April 2023²², the shareholders were asked to take account of

²² "Appointment of the members of the Board of Directors for financial years 2023-2024-2025; related and consequent resolutions" (item 6 on the agenda of the Shareholders' Meeting) and "Appointment, among the members of the Board of Directors, of the Chairperson and Deputy Chairpersons in the number resolved by the Shareholders' Meeting; related and consequent resolutions" (item 7 on the agenda of the Shareholders' Meeting).

the indications contained in the Guidelines for the purpose of submitting their own lists of candidates, without prejudice, of course, to the possibility for the shareholders themselves to make their own assessments of the optimal composition of the bodies and to propose candidates in line with these, justifying any differences with the analyses carried out by the Board of Directors.

Shareholders were also asked to indicate their preferred candidate for the position of Chairperson of the Board of Directors.

The Board of Directors, appointed by the Shareholders' Meeting of 20 April 2023 on the basis of the lists submitted by the shareholders and in application of the criteria set out in the By-laws, has a diverse composition, with:

- thirteen independent directors, in accordance with article 15 of the By-Laws, accounting for 87%²³ of the members and such that, together with their different skills and professionalism, they ensure effective supervision of the management of the Company, efficient functioning of the Board of Directors and an appropriate composition of the Board Committees;
- a female presence of 47%²⁴, which is higher than both the minimum quota set by the applicable primary and

²³ The percentage of independent directors decreased to 86% following the resignation of the independent Director Marco Giorgino on 13 November 2023. The presence of independent directors is also higher than the average of 65% registered in the sample of competitors identified in the annual self-assessment (see section 7.1);

²⁴ Percentage increased to 50% following the resignation of director Marco Giorgino. The sample of competitors identified during the annual self-assessment recorded an average female presence of 42% (see Section 7.1).

supervisory regulations²⁵ and the average for listed issuers²⁶;

- a diverse age range, from a minimum of 47 years to a maximum of 70 years and an average age of around 59 years, broken down as follows:
 - a. under 30 years: 0 members
 - b. between 30 and 50 years: 1 female member
 - c. over 50 years: 14 members, including 8 men²⁷ and 6 women.

On 18 May 2023, the new Board of Directors appointed by the Shareholders' Meeting of 20 April 2023 verified that each Director met the requirements and the eligibility criteria necessary to serve on the Board of Directors of a bank and that the overall composition of the newly elected Board of Directors

²⁵ The regulations on gender balance in force since 1 January 2020 (Articles 147-ter and 148 of the TUF and Consob Recommendation no. 1/20) establish that the less-represented gender must make up at least two fifths of the members of the management and control bodies of listed companies. The By-Laws aimed at respecting gender balance – according to the principles established by law no. 120/2011 (the so-called Golfo-Mosca Law) and introduced in Articles 147-ter and 148 of the TUF which required listed companies to ensure that at least one third of their management and control bodies consist of the less represented genders – were applied for the first time for the renewal of the corporate boards of the Bank approved by the Shareholders' Meeting of 16 April 2015. Recommendation 8 of the Code requires that at least one third of the members of these corporate bodies belong to the less-represented gender. The Supervisory Provisions on the Corporate Governance of Banks require that the number of members of the less-represented gender should account for at least 33% of the members of the board.

²⁶ Source: "2023 Report on the evolution of corporate governance in listed companies" - Italian Corporate Governance Committee.

²⁷ The number was reduced to seven following the resignation of independent director, Marco Giorgino, on 13 November 2023.

was in line with the qualitative and quantitative objectives considered optimal, as set out in the published Guidelines, in terms of the contribution of managerial skills, professionalism, independence, diversity requirements, compliance with the limits on the accumulation of offices and the time commitment adequate to carry out his/her duties.

Gender equality and equal opportunities

The Group has adopted a **Code of Ethics**, which is an internal regulation that is an important governance tool for promoting equal treatment and opportunities between genders across the entire corporate organization, bearing also in mind that the Code of Ethics is an essential part of the **"231 Model"**, with which all corporate board members, employees, financial advisors and collaborators of the Bank are required to comply.

The Code of Ethics places the recognition of differences among its fundamental principles and values and promotes a culture of inclusion, considering diversity as an essential asset.

People are guaranteed the same opportunities regardless of age, sexual orientation, religious belief, gender, ethnicity and diverse abilities, promoting a working environment that is free from any discrimination. Its application is monitored and checked within the internal control system.

The Group has also developed concrete actions to support diversity and inclusion through an organizational model that centres on the complexity and heterogeneity of the cultural environment. In this regard, as of 2022 the Bank has adopted the corporate regulatory document **"Rules on Inclusion"**, which, with the aim of valuing diversity and promoting an

inclusive work environment, sets out the underlying principles that will guide development in the company as well as the main areas involving all BMPS people: selection, training, professional growth, assessment, remuneration policies, welfare, inclusive communication²⁸ and termination of employment.

In 2023, the **"Group Sustainability and ESG Directive"** was updated to include responsibilities in the area of gender equality, diversity and inclusion, and the **"Gender Equality Policy"** was published on the Bank's website www.gruppomps.it/en - Sustainability, outlining the Bank's commitments in this regard. In addition, two other key documents on the subject were issued: the **"Gender Equality Management System Policy"** and the **"Rules on Preventing and Combating Gender Harassment in the Workplace"**.

Through these and other initiatives, the Group is continuing its commendable efforts in these areas, also attaining the **Gender Equality Certification** in December 2023.

For further information on the concrete actions implemented to ensure equal opportunities and the promotion of diversity and inclusion in the organisational model of the Bank and

²⁸ Communication, which is a fundamental means of sharing company information, uses language that can help counteract the formation of stereotypes and prejudices and eliminate discrimination towards employees, customers and the general public. Effective peer-to-peer communication ensures that people are represented, listened to and treated equally in corporate media messages, respecting differences and promoting inclusion, in compliance with both the indications contained in EU Directive/54/2006 and the UN Convention on the Rights of Persons with Disabilities, which Italy has signed. In addition to these are the guidelines set out in the handbook *"Gender neutrality in the language used in the European Parliament"* (2008), which states: *"Gender-neutral language is a generic term covering the use of non-sexist language, inclusive language or gender-fair language"*.

The Group is continuing its **commendable efforts** in gender equality, also attaining the **Gender Equality Certification** in December 2023.



[View the Gender Equality Policy](#)



[View the Consolidated Non-Financial Statement](#)

the Group, and, in general, on environmental, social and HR-related issues as well as issues concerning the respect of human rights and the fight against corruption, please refer to Section 1 of the Report and the **Consolidated Non-Financial Statement** published on the website www.gruppomps.it/en - Group - Sustainability - Report.

4.4 Functioning of the Board of Directors

(as per Article 123-bis, paragraph 2, letter d) of the TUF)

The Regulation of the Board of Directors sets out the **rules** and **procedures** it has adopted for its **operations**, particularly regarding the **management of information** to be provided to directors, including the members of the Board Committees, so as to **ensure efficient management and effective controls**.

The Directors observe the strictest confidentiality of all document contents and information received in the course of their duties.

The agenda is set by the Chairperson of the meeting, having heard the Chief Executive Officer and/or General Manager and the Chairpersons of the Board Committees. The Chairperson convenes the meetings according to the procedures and timescales established in its Regulation and by the By-Laws.

Unless otherwise specified, the agenda is sent to the Directors and Statutory Auditors, as well as to all members of the Management Committee and to the Financial Reporting Officer pursuant to Article 154-bis of the TUF, with the latter having the right to request to have access to specific items of interest. In accordance with the provisions of the By-Laws, the directors may also take part in the meetings by using teleconference and video conference systems.

The Chairperson ensures that all directors are provided with adequate and comprehensive information and documentation on the agenda items for the Board of Directors' meeting, with suitable advance notice and in a gradual order according to

the importance, relevance and complexity of the individual positions to be examined, always complying with the rule that the documentation shall be made available to directors sufficiently in advance to enable them to participate in the discussion and deliberation of the items on the agenda in an informed and considered manner, and, in the case of the Board Committee meetings, to allow the latter to issue the required supporting opinions to the Board of Directors.

The provision of Board documents to Directors and Statutory Auditors is carried out in a protected manner using a dedicated procedure, with access to the documents only permitted in a way that ensures appropriate security standards. In this way, each of the Directors is able to view the proposals and annexes and have all the necessary preliminary information at their disposal. There are no generic exemptions for the provision of supporting documentation to directors for Board evaluations and decisions, except in the cases provided for by specific internal rules or corporate governance policies adopted by the Bank, as per banking regulations, in order to address the risk that specific situations of conflict of interest, even potential ones, may affect the independence of judgment of officers or the decisions of the body to which they belong.

The documents, prepared for the Board of Directors that is not convened on an urgent basis under the By-Laws, are sent to the members of the Board of Directors and the Board of Statutory Auditors, normally within five days prior to the date of the convened Board meeting, barring reasons of urgency.

In order to encourage more effective utilisation of the work of the Board Committees, the calendar of Committee meetings is organised in close correlation with the Board meetings. Unless specific requirements are established by the Chairperson, at least three days for the Risk and Sustainability Committee and two days for the other Committees must ordinarily elapse between the date of the Committee meeting and the date of the Board meeting that will address the corresponding item on the Board agenda.

This allows the Directors to examine the documentation and have at their disposal all the preliminary information necessary so as to be able to participate in the discussion and deliberation

The Chairperson ensures that **all directors** are provided with adequate and comprehensive **information** and **documentation** on the agenda items for the **Board of Directors' meeting**.



of the items on the agenda of the Board meeting in an informed and considered manner, based also on the opinions of the Board Committees provided for each specific matter.

During the course of the meeting, all members are entitled to intervene in the discussion, request information or clarifications and make comments. The Chairperson governs and regulates the discussion and, at the end, invites the directors to cast their vote openly.

In carrying out the task of leading the Board's meetings and discussions, the Chairperson relies on the contributions of the Heads of the Corporate Functions responsible for the matters being examined by the Board of Directors, as well as on the contribution of consultants for certain topics. Subject to the consent of the Chairperson, the Chief Audit Executive regularly attends the meetings of the Board of Directors and has full visibility over all the documentation submitted.

The Chief Risk Officer and the Chief Compliance Executive may request permission from the Chairperson to attend the

meeting with regard to specific items within their competence discussed by the Board and may ask to see the documentation submitted to the Board regarding the items of their interest.

The Control Functions (Audit, Risk, Compliance) have full access to the Board's documentation and other documents submitted for prior examination/opinion by the Risk and Sustainability Committee. In agreement with the Bank's CEO, having consulted the Chairperson, the management of the Bank and Group Companies regularly attend the Board meetings, whenever an issue or proposal relevant to their Division is addressed and discussed, thereby ensuring the direct participation of the various Corporate Functions in Board proceedings.

The Chairperson begins the meeting by ensuring that the meeting itself has been duly convened and constituted and reminds the directors present to comply with the requirements regarding directors' interests (Article 2391 of the Civil Code and Article 53 of the TUB), the obligations of bank corporate officer (Article 136 TUB), related-party transactions and other internal corporate governance policies or controls (as indicated above) and invites them to declare any interests in the agenda items and, if so, to comply with all due obligations and procedures. In such cases, the provisions of the same legislation and of Articles 17(3) and 19(1) of the By-Laws shall apply.

The specific minutes of each meeting are drawn up and signed by the Chairperson and the Secretary, so as to enable a reconstruction of the discussion and the various positions expressed.

The minutes of the meetings are made available to each director through the secured procedure referred to above; the

The **Control Functions** (Audit, Risk, Compliance) have **full access** to the Board's documentation and other documents submitted for prior examination/opinion by the Risk and Sustainability Committee.

minutes are also submitted to the Supervisory Authority in the cases provided for by regulations and where required.

The Regulation also provides for periodic reporting from the control and risk management functions (Internal Audit, Risk and Compliance) on the results of the activities carried out in compliance with regulations, including supervisory and self-regulatory rules, as well as internal policies. The same functions promptly report on any critical issues identified. The delegated parties regularly report on the exercise of powers assigned by the Board, not least so that the Board may verify that they are being properly executed, as well as the exercise of authority to give directives and assume powers.

The Board Committees ensure reporting flows on the activities carried out by the same Committees to support the work of the Board of Directors, according to the rules set out in their respective regulations. For further details, please refer to the relevant sections of the Report.

The Chairperson of the Board of Directors is responsible for the effective **operation of the corporate governance system.**



4.5 Role of the Chairperson of the Board of Directors

The Chairperson of the Board of Directors is responsible for the effective operation of the corporate governance system, ensuring the balance of powers with respect to the Chief Executive Officer (the sole executive director of the Bank); the Chairperson also acts as the contact point for the internal control bodies and board committees. The Chairperson calls and chairs the meetings of the Board of Directors, ensuring the effective management of the Board's work through the management of board information and an adequate flow of information within the Board and between the Board and the Board Committees; the Chairperson ensures the effective coordination between the activities of the Board Committees, which include assessment, proposal-making and advisory functions, and those of the Board itself.

In order to carry out his role effectively while safeguarding his authority and impartiality, as required by the Supervisory Provisions on the Corporate Governance of Banks, the Chairperson receives no management mandate²⁹.

Regarding the organisation of reporting flows to the Board, the Chairperson sets the agenda after hearing the opinion of the Chief Executive Officer and/or the General Manager and the Chairpersons of the Board Committees, and convenes the Board meetings in accordance with the procedures and timeframes provided for by the By-Laws (at least five days before the meeting and, in cases of urgency or for additions to the meeting agenda, at least twenty-four hours in advance) and the Board Regulation.

The By-Laws, internal regulations and specific corporate regulations in force establish the criteria for preparing – with the support of the relevant Corporate Functions – the information flows, procedures, working methods, meeting schedules and operating practices that ensure the effectiveness and timeliness of the board's and the committee's activity.

The Chairperson presides over the work and discussion, giving priority to strategic issues, with the possibility, during the Board meeting, to make use of the informative contributions of the Bank's and the Group's executive managers, or of consultants regarding the specific topics under discussion. The Chairperson has the important task of promoting internal dialogue and ensuring the balance of powers.

In accordance with the duties assigned to the Chairperson by the Civil Code, within the context of the Board's work, he/she encourages and promotes open and critical debate, which is respectful of any differing points of view, and works to ensure that the resolutions reached by the Board are the result of appropriate discussion as well as the informed and reasoned contribution of all its members,

²⁹ Without prejudice to the powers that may be exercised on an urgent basis pursuant to Article 21 of the By-Laws, on the binding proposal of the General Manager and/or the Chief Executive Officer (if appointed), on any business or transaction falling under the Board of Directors' competence, with the exception of those reserved to the latter's exclusive authority. The Chairperson ensures that the board is informed of such decisions at the first subsequent meeting of the board.

promoting constructive debate among the Board members and ensuring an adequate level of understanding of the issues dealt with, thus facilitating a critical review of the proposals by the Board and a balanced decision-making process.

The Chairperson also provides opportunities for all Directors to meet, even outside the Boardroom, to discuss and debate strategic issues, requesting the participation of all Directors in these occasions.

The Chairperson also ensures: i) that the Board's self-assessment process is carried out effectively, in a manner consistent with the degree of complexity of the Board's work, and that any corrective actions identified to address any shortcomings are taken; ii) the preparation and implementation of induction programmes and training plans for Board members; and iii) the adoption of succession plans for top executive positions.

At the commencement of the new term of the Board of Directors in 2023, the Chairperson oversaw the "Board Induction" programme for the members of the newly appointed corporate bodies. The programme comprised twelve training sessions open to all members (directors and auditors) and focused on an in-depth analysis of the strategic choices contained in the Bank's Business Plan, including those relating to sustainability issues, risk management across the various areas of activity (credit, money laundering, administrative liability, legal risks of an exceptional nature, IT security) and remuneration policy. (e.g. credit, anti-money laundering, banking transparency, administrative liability, exceptional legal risks, IT security) and remuneration policy.

Training continued in 2024 with three additional sessions

focusing on corporate governance, the areas of Sustainability and credit risk management models.

The sessions were organised by the Bank's management, in some cases with the support of an external trainer and KPMG S.p.A.

The Chairperson, in agreement with the Chief Executive Officer, serves as the point of reference for handling dialogue requests received under the provisions of the Shareholder and Investor Dialogue Policy adopted by the Bank (see Section 12).

For the duties of the Chairperson in relation to Shareholders' Meetings, please refer to Section 13.

Board Secretary

As provided for in Article 16 of the By-Laws, the Board Secretary is appointed by the Board from among the Bank's Senior Management.

The current Board Secretary is the Head of the Group General Counsel Division, Mr. Riccardo Quagliana, who has extensive legal training and skills and long-standing experience in corporate law and the corporate governance of listed issuers and banks.

The Board Secretary supports the activities of the Chairperson and, with impartial judgement, provides assistance and advice to the Board of Directors on all aspects relevant to the proper functioning of the corporate governance system. He is also responsible for drafting the minutes of Board meetings, which are signed jointly with the Chairperson and provide a detailed description of the debate and the various positions expressed.

4.6 Executive directors

In accordance with the supervisory provisions, the Regulation of the Board of Directors defines the following as "executive" directors:

- the Chief Executive Officer;
- the directors who have received mandates;
- the directors holding the office of Chief Executive Officer in a strategically significant subsidiary;
- the directors who carry out operations relative to the management of the business, such as the directors who hold management positions at the Bank or at one of its subsidiaries, or who are assigned the task to supervise specific areas of the management of the company, through constant presence in the company, acquiring information on the relative operating structures, participating in management committees and reporting to the Board on the activities carried out.

This definition makes it possible to consider all the members of the Board of Directors, except for the Chief Executive Officer, as "non-executive directors", since the Board of Directors:

- has not assigned mandates to its own members, except for the Chief Executive Officer;
- there are no directors who are managers of the Bank or one of its subsidiaries, except for the Chief Executive Officer who is also the General Manager of BMPS;
- there are no directors with executive responsibilities, as these are defined above, in subsidiaries.

Chief Executive Officer

The Chief Executive Officer, who, at present, also serves as General Manager, is primarily responsible for the management of the Bank.

As **General Manger**, in addition to the powers delegated by the Board of Directors, he/she exercises the powers specified in Article 22 of the By-Laws. The General Manager thus:

- signs all documents relating to current business, oversees the Company's organisational structure and is responsible for it;
- carries out all transactions of ordinary business which are neither specifically reserved (i) to the Board of Directors, nor delegated by the Board to the Chief Executive Officer or Chief Executive Officers, or (ii) to the Employer for the protection of health and safety at work;
- makes reasoned proposals to the competent governing bodies with regard to lending operations, the co-ordination of the Banking Group, personnel matters and general expenses; submits reasoned reports to these governing bodies on any other matter falling under their authority;
- ensures that the resolutions taken by the Board of Directors and Chief Executive Officer/Officers are implemented, and that the activities of the subsidiaries belonging to the Group are coordinated, in accordance with the criteria and general guidelines established by the Board of Directors pursuant to Article 17, second paragraph, letter i) of the By-Laws;
- allows the cancellation of mortgage registrations, transcriptions, liens and any other formalities thereof, the subrogations in favour of third parties and the release of liens once secured credit is fully paid-off or non-existent;
- is the head of personnel and exercises, in respect of

personnel, the functions assigned to him/her by labour laws and regulations;

- if necessary and in urgent cases, like the CEO (if appointed), has the power to make binding proposals for decisions to be taken by the Chairperson of the Board of Directors on all matters and operations falling under the competence of the Board of Directors, with the exception of those reserved to the latter's exclusive authority.

As **Chief Executive Officer**, he/she performs his/her duties within the limits of delegation and in the manner determined by the Board of Directors, regarding:

► the power to submit proposals to the Board of Directors, including, *inter alia*:

- strategic guidelines, strategic transactions, long-term plans and annual budgets for the Bank and Group;
- the organisational model of the Bank; organisational structure of the Parent Company's central units (changes in responsibilities and functional perimeters between organisational models, changes in units reporting to the Top Corporate Bodies, changes in the structure of the Corporate Control Functions up to Level 1)) and of the Regional Divisions/Regional Credit Divisions; number and responsibilities of the Regional Divisions; Committees with the duty to support the Board of Directors and provide strategic guidelines);
- general operating policies, including corporate reporting lines;
- general criteria for the coordination and management of subsidiaries;

- outsourcing strategies, intra-group outsourcing of the Corporate Control Functions; intra-group or extra-group outsourcing of essential or key functions, including the information system (full outsourcing) or its critical components, and their sub-outsourcing outside the Group; intra-group or extra-group outsourcing of other Corporate Functions of over the amount of Euro 20 million, or of any amount if with the transfer or assignment of human resources or if the contractual agreement exceeds 9 years; authorisation of ancillary changes to intra-group and extra-group outsourcing of over the amount of Euro 20 million;
- key corporate Regulations, Policies and Group Directives on matters under the responsibility of the Board of Directors, in addition to the system of delegated powers, definition of the business model and strategic guidelines for the assumption, management, monitoring and mitigation of the risks to which the Group is exposed;
- development and management policies, as well as the employee incentive system and hiring plan;
- definition of internal policies and regulations regarding the legal and economic status of personnel;
- ordinary legal disputes, labour disputes, tax disputes for amounts over Euro 10 million; filing of complaints;
- the acquisition/disposal of shareholdings of more than Euro 20 million and all strategic shareholdings and/or those involving changes in the Banking Group and provides an opinion to subsidiaries on the same type of transactions; acquisition and disposal of business units, membership of or withdrawal from trade associations;

- appointment of representatives of the Montepaschi Group and administrative and operational decisions in strategic equity investments of more than Euro 20 million and in trade associations;
- final recognition in the income statement of one-off income and expenses in excess of Euro 10 million;
- sale/transfer of operating or non-operating properties and related management of real and personal property rights for more than Euro 10 million;
- negotiation and sale of artworks owned by the Bank for any amount if lower than the appraisal or book value, or for an amount higher than Euro 3 million, accumulated over 24 months with the same counterparty;
- spending for strategic/management intervention amounting to more than Euro 10 million;

► **decision-making powers**, which include, *inter alia*, the power to:

- manage the Bank's finance portfolio with regard to market risk, liquidity risk and interest rate risk in the banking book, as defined by the Board of Directors and in compliance with the approved budget and within the risk tolerance limits established in the Bank's Risk Appetite Framework;
- authorise expenses of up to a maximum amount of Euro 20 million, within the budget limits approved by the Board of Directors; (with the exception of those that fall within the exclusive competence of the Employer for the protection of health and safety at work³⁰);

- authorise the purchase of operating or non-operating properties, when the latter are bundled together with operating properties, for up to a maximum amount of Euro 10 million;
- authorise the sale/exchange of operating or non-operating properties and the related management of real and personal property rights for up to a maximum amount of Euro 10 million;
- exercise decision-making powers in matters of personnel, regarding resources of any order and level (except for cases under the exclusive responsibility of the Board of Directors and of the Employer for the protection of health and safety at work);
- resolve on disposals of non-strategic equity investments which do not involve changes to the Banking Group and equity instruments up to the amount of Euro 20 million;
- resolve on the waiver to exercise option/pre-emption rights, assignment of option rights on capital increases for equity investments/equity instruments classified as non-strategic;
- resolve on participation in and withdrawal from committees of non-trade associations, as well as entities and foundations, excluding trade bodies;
- provide the subsidiaries with a prior opinion on divestments of shareholdings within the amount of Euro 20 million for non-strategic investments;
- appoint representatives of the Montepaschi Group in non-strategic equity investments, except where the

appointees are members of the corporate bodies of the Bank;

- promote executive, summary, insolvency and voluntary jurisdiction proceedings and relative litigation, as well as disputes by the company or counterclaims, also aimed at credit recovery and tax disputes relative to liquidation of taxes on court or out-of-court documents connected to or dependent on recovery, or appear before the court in disputes against the company, without amount limits; disputes by the company or counterclaims even for labour disputes, in addition to appeals and challenges before the tax court for an undefined amount or up to the maximum amount of Euro 10 million;
- file criminal disputes, bring civil action in a criminal proceeding, or withdraw from such proceedings, exercise all other powers envisaged within a criminal proceeding, with the exception to propose or file complaints;
- waive, abandon, rescind the actions and acts and accept similar withdrawals from the other parties; authorise court transactions and resolve to waive appeals against decisions against the Bank for an undefined amount or up to the maximum amount of Euro 10 million;
- approve the contents of regulations (except for those under the responsibility of the Board) and their publication within the internal regulations;
- approve the organisational structure of the Parent Company's central units and network within the pre-established hierarchical levels;

³⁰ Please refer to Article 24 of the By-Laws.

- authorise the final recognition in the income statement of one-off income and expenses in excess of Euro 10 million;
- negotiate spending for strategic/management activities for any amount and authorise them up to Euro 10 million;
- authorise intra-group and extra-group outsourcing of other Corporate Functions (other than essential or key functions or Corporate Control Functions) for up to Euro 20 million, without the disposal or secondment of human resources and with a contractual agreement of less than or equal to 9 years; ancillary changes on intra-group and extra-group outsourcing for up to Euro 20 million;
- approve the negotiation and sale of artworks owned by the Bank for amounts greater than or equal to the appraisal or book value up to Euro 3 million, accumulated over 24 months with the same counterparty;
- authorise the necessary or even only appropriate changes to the composition of the portfolio of strategic initiatives included in the Project Plan approved by the Board of Directors, without affecting the overall spending limit established for the Project Plan itself;
- approve new products – except those with significant strategic value/risk – changes to or delisting of existing ones, as well as economic aspects (rates, conditions, commissions, ceilings, etc.) connected with or in any case attributable to the management of relations with customers and of the products/services distributed by the Bank.

The Chief Executive Officer has not been vested with specific powers regarding loan disbursement and the management of bad loan positions³¹, which are instead delegated to the General Manager.

The Chief Executive Officer, in agreement with the Chairperson, serves as the point of reference for handling dialogue requests received under the provisions of the Shareholder and Investor Dialogue Policy adopted by the Bank (see Section 12).

In the event of the absence or impediment of the Chairperson of the Board of Directors and the Deputy Chairperson, the powers which the Chairperson may exercise in an emergency in accordance with the procedures established by the By-Laws, are attributed to the Chief Executive Officer. The decisions taken when exercising these powers must be communicated to the competent body at the first subsequent meeting.

For the powers attributed to the Chief Executive Officer as the person in charge of establishing and maintaining the Internal Control and risk management System, please refer to Section 9.1.

The Chief Executive Officer does not hold any directorships in other banks.

Chairperson of the Board of Directors

In accordance with the Supervisory Provisions on the Corporate Governance of Banks regarding the role and prerogatives of

³¹ With the exception of the autonomy of Euro 10 million in the area of legal disputes also in relation to bad loan positions.

the Chairperson of the Board of Directors, the Chairperson assumes a non-executive role to ensure the proper functioning of the Board of Directors and enable the effective performance of their duties. As such, the Chairperson does not exercise any de facto management functions.

The Chairman of the Board of Directors of BMPS has therefore not been delegated any management powers, does not play a specific role in developing the corporate strategies and is not the Chief Executive Officer (CEO), nor the controlling shareholder of the Bank.

Disclosure of information to the Board of Directors by the directors/delegated bodies

The bodies delegated by the Board of Directors regularly report on the actual exercise of the powers conferred upon them, also in order to enable the Board of Directors itself to verify that they are being properly exercised and to exercise its powers of instruction and revocation.

Pursuant to Article 18, para. 5 of the By-laws, the delegates report to the Board of Directors and the Board of Statutory Auditors, at least every three months, on the general course of business and its foreseeable development, as well as on the major transactions – in terms of size or nature – carried out by the Company and its subsidiaries.

There is also annual reporting by the bodies with authority delegated to them by the Board of Directors in relation to equity investments.

4.7 Independent directors and Lead Independent Director

Independent directors

Regulations and Legislation

According to Article 15 of the By-Law, independent directors are those directors who meet the independence requirements established by applicable legal and regulatory provisions in force as well as the additional independence requirements set out in the Corporate Governance Code.

The independence assessments of non-executive directors are conducted by the Board of Directors subsequent to their appointment and at least once a year - according to the criteria laid down in the By-Laws and Board Regulation in compliance with applicable regulations, including banking regulations, as well as the additional criteria set out in the Corporate Governance Code – based on the information provided by each director or any other relevant information reasonably available to the Bank, which is useful for assessing the circumstances that compromise or appear to compromise the independence of the director, with particular reference to positions held in other companies, to existing significant commercial, financial or professional relationships with the Bank or its subsidiaries or with key officers and to any relationship that could be or appears to be such as to compromise the director's independence of judgment, especially in relation to credit positions attributable to directors deemed independent, as established by supervisory provisions.

Company regulations

As of 2021, the Board of Directors formalised the requirements

verification process in a specific "*Directive on the management of regulatory requirements for verifying the eligibility of Corporate Officers and Managers in charge of the key Corporate Functions*", which sets out, inter alia, the criteria for assessing the independence requirements of corporate officers, in compliance with the regulations applicable to listed issuers and banks, and the Principles and Recommendations of the Corporate Governance Code.

Evaluation criteria

For the purpose of the Board's assessment of the independence of directors, the directors concerned are required to inform the Bank of any:

- **relationships that the director has or has had** in the three financial years prior to taking office, either directly or indirectly (e.g. through subsidiaries, trust companies, intermediaries or on the basis of agreements in any form whatsoever entered into, the purpose or the effect of which is the concerted exercise of the relevant rights of control; or through companies of which he/she is an executive director, or a partner in a professional firm or consulting company);
- **self-employment or employment relationships** or other commercial, financial, investment or professional relationship – even if not on an ongoing basis – with the Bank or its executive officers or its Chairperson or Top Management, with the Bank's subsidiaries or their executive officers or chairmen, or with a Significant Shareholder of the Bank or its executive officers, Chairperson or Top Management ("**Significant Relationships**").

The criteria used by the Board of Directors to assess the independence requirements include objective elements (such

as the type and nature, amount and consideration of the transactions referring to the Significant Relationships) and subjective elements (for example, whether the counterparty is the officer himself or a company/professional firm linked to the officer by means of a shareholding/corporate position/role in the professional firm).

The following are taken into account when assessing whether a Relationship is Significant:

- regarding financial/investment relationships, including lending relationships: their size and specific characteristics, their weight versus the system data (for credit exposures) and, where applicable, the economic and financial situation of the borrower/individual concerned;
- regarding commercial and professional relationships: the characteristics of the transaction/relationship, the amount of the consideration/annual turnover of the individual concerned and, where applicable, their ratio to the overall annual turnover and/or the overall activity carried out and/or the annual costs incurred by BMPS and/or the Montepaschi Group attributable to the same type of contractual relationship or to similar positions;
- the current payment, or payment in the three previous financial years, of significant additional remuneration by Bank, a subsidiary or the parent company, on top of the fixed remuneration paid for the office and for the participation in committees as recommended by the Corporate Governance Code or as provided for by applicable regulations.

The Regulation of the Board of Directors also affirms the obligation of each director to promptly notify the Board of any

information concerning situations and reasons that, in his or her opinion, could materially affect his or her independence of judgment, thus enabling the Board to make the evaluations and decisions provided for by the applicable regulations.

Activities in 2023

On **8 March 2023**, the outgoing Board of Directors carried out the annual periodic review of the requirements of its members, the results of which are set out in the Report approved by the Board on the same date.

At the beginning of the new term of office, the newly appointed Board of Directors, at its meeting of **18 May 2023**, assessed the existence of the independence requirements of thirteen (non-executive) directors compared to the fifteen members of the Board of Directors appointed by the Shareholders' Meeting of 20 April 2023.

The results of the assessment of the independence of the Directors and the members of the Board of Statutory Auditors were disclosed to the market by means of a specific press release after their appointment, as required by the Corporate Governance Code.

The periodic annual review of the requirements of its members, carried out by the new Board of Directors on **6 February 2024** in accordance with the criteria set out in the applicable rules and recommendations of the Corporate Governance Code and in compliance with the process established by the aforementioned Company Directive on the subject, and in particular taking into account the information provided by the directors and any other relevant information reasonably available to the Bank, confirmed that the independence requirement was met for



twelve (non-executive) directors³² out of the fourteen in office at the time of the assessment.

With regard to these Directors, who were already considered independent at the beginning of their term of office, there have been no changes in the circumstances previously established

³² Directors Nicola Maione (Chairperson), Gianluca Brancadoro (Deputy Chairperson and Chairperson of the Remuneration Committee), Alessandra Barzaghi (Chairperson of the Risk and Sustainability Committee), Paola De Martini, Paolo Fabris De Fabris, Lucia Foti Belligambi, Domenico Lombardi (Chairperson of the Appointments Committee), Paola Lucantoni, Laura Martiniello, Anna Paola Negri-Clementi (Chairperson of the Related-Party Transactions Committee), Renato Sala e Donatella Visconti.

as regards the fulfilment of the independence requirements, and in particular no significant commercial, professional or financial/credit relationships with the Bank or the companies of the Group to which it belongs, either directly or through companies or professional firms and/or associations with which they have or have had a professional relationship.

The result of the periodic review (twelve independent Directors out of the fourteen currently in office) confirms that the minimum number of independent Directors (at least one third) required by Article 15 of the By-Laws is more than adequate for the establishment of the Board Committees.

The Board of Statutory Auditors verifies the correct application of the criteria and assessment procedures adopted by the Board of Directors for the evaluation of its members' independence and will communicate this in its report to the Shareholders' Meeting convened for the approval of the financial statements.

There is no evidence that directors who qualified as independent in the appointments list have undertaken to maintain this requirement for the entire duration of their term of office or, if necessary, to resign.

During 2023, the independent directors, coordinated by the Lead Independent Director, met without the other directors present on one occasion (on 11 October 2023).

Lead Independent Director

At the request of the majority of independent directors, the Board of Directors unanimously appointed the independent director Marco Giorgino as Lead Independent Director at its meeting on 8 May 2023.

Mr Giorgino held this position, as well as that of Chairman of the Risk and Sustainability Committee and member of the Remuneration Committee, until his resignation on 13 November 2023.

At the date of this Report, no new Lead Independent Director has been appointed.

As established by the Code (Recommendation no. 14), the Lead Independent Director is a point of reference and coordinates the requests and contributions of non-executive directors and, in particular, of the independent ones, and has



the task of convening and coordinating the meetings of just the independent directors so that they can discuss the issues deemed relevant in the absence of the other Directors.

The most recent version of the Board Regulation, approved in 2022, provides for the appointment of an independent Director as Lead Independent Director, if requested by the majority of independent Directors, or in the other cases provided for by the Corporate Governance Code³³.

³³ Recommendation no. 13 of the Corporate Governance Code: "The board of directors appoints an independent director as lead independent director: a) if the chair of the board of directors is the chief executive officer or holds significant managerial powers; b) if the office of chair is held by the person who controls, also jointly, the company; c) in large companies, even in the absence of the conditions indicated in letters a) and b), if requested by the majority of independent directors."

The Lead Independent Director is a **point of reference** and **coordinates** the **requests** and **contributions** of non-executive directors

Handling of corporate information



(institutional, economic-financial and corporate, commercial, Sustainability-related), the objectives, methods and means of distribution and the recipient of the communication.

For each type of communication, the Communications Directive identifies the so-called "relevant" communications according to the nature and importance of the content of the information to be published, or as determined by the relevant legal and regulatory provisions, identifying specific monitoring processes with varying degrees of involvement of the internal functions and corporate bodies of the Parent Company and the Group.

The Communications Directive governs the certification of the Financial Reporting Officer for documents and communications disclosed to the market regarding accounting information (e.g. press releases and presentation of the periodic financial results), in which he/she is required to declare, pursuant to Article 154-bis, paragraph 2 of the TUF, that the accounting information contained in the published documents corresponds to the accounting documents, books and records.

Management of inside information

The corporate rules contained in the "Group Directive on the Management of Compliance Requirements regarding Market Abuse" (the "**Market Abuse Directive**") regarding the management and disclosure of inside information pursuant to Article 17 of Regulation (EU) No. 596/2014 (MAR) and Article 114 of the Consolidated Law on Finance, provides for a specific authorisation procedure involving the Chief Executive Officer, the Divisions of the Group General Counsel, the Chief Risk Officer, the Chief Financial Officer, the Chief Compliance Executive, the Communications Function

and the internal functions responsible for generating and processing the information flows relevant to these purposes.

The Market Abuse Directive and the operating instructions regarding the management of regulatory compliance with regard to market abuse set out the principles and guidelines for the internal management of inside information.

The inside information management process ensures that confidentiality is strictly protected and monitored during the circulation of such information before it is disclosed to the public, in order to prevent any rumours and leaks as well as the misuse of inside information – not aligned with the relevant regulatory provisions – by those who come to know of it, either directly or indirectly.

The company regulation therefore contains specific standards of conduct which employees with access to confidential information must adhere to, in addition to specific security measures which must be complied with that concern the handling of such information. **A register of persons with access to inside information** concerning both the Parent Company and listed third-party issuers has been created and is constantly monitored.

The Parent Company's corporate officers (directors, statutory auditors, strategic executives and individuals closely connected to them) are also subject to the duty of disclosure to the market and Consob, as indicated on the Bank's website in the "**Managers' Transactions Regulation**", regarding any transactions carried out by them, including through third parties, involving financial instruments issued by BMPS (such as shares and debt instruments) or other linked financial instruments (such as derivatives).



With regard to the strategic supervisory powers assigned to it by the By-Laws, in compliance with the Supervisory Provisions on the Corporate Governance of Banks and the Corporate Governance Code, the Board of Directors has adopted specific rules for the internal management and external communication of documents and information concerning the Issuer, in order to regulate the flow of such information, particularly inside information.

The information is made available to the public, according to the methods provided for by the regulations, on the website www.gruppompaschi.it/en, and, if the requirements are met, at the market management company (Borsa Italiana S.p.A.) and on the storage platform **E-Market storage** - www.emarketstorage.it.

External communications

The corporate rules contained in "Group Directive on Communications and External Relations" (the "**Communications Directive**") define the responsibilities for managing the public information process with regard to the external disclosure of documents and information regarding the Bank, according to the different types of external communications

Board Committees

(as per Article 123-bis, Par. 2, letter d) of the TUF)



In compliance with the regulations and corporate governance regulations in force, Article 17 of the By-Laws requires that committees with advisory functions (which may include providing opinions when deemed necessary) and proposal-making duties be established within the Board of Directors.

The establishment of Board Committees, composed of three to five directors, allows the Board to strengthen its strategic oversight capability by separating it from its management duties, while preserving its collective authority and obligations. Following its inauguration, at its meeting on 20 April 2023 the Board of Directors appointed the following Board Committees in accordance with the By-Laws and entrusted them with specific tasks to support the work of the Board of Directors:

Risk and Sustainability Committee, for:

- a) defining the guidelines of the internal control and risk governance system, assessing its adequacy, effectiveness and functioning;
- b) approving policies and procedures for the evaluation of business activities;
- c) defining and managing sustainability issues;

Remuneration Committee, for:

- a) proposing the remuneration of the Chief Executive Officers and of the other directors holding special offices;
- b) periodically reviewing the criteria adopted for the remuneration of executives with strategic responsibilities, monitoring their application and submitting general recommendations to the Board of Directors on this matter;

Appointments Committee, for:

- a) appointing directors;
- b) assessing the fit and proper requirements of Directors and Heads of the Corporate Functions;
- c) the qualitative and quantitative self-assessment of the Board of Directors and its Committees, and e
- d) defining succession plans for top management positions (currently the CEO and the General Manager);

Related-Party Transactions Committee,

with advisory functions on transactions with related parties, as defined in the Related Parties Directive, in accordance with Consob's Related Parties Regulation and the Supervisory Provisions on Connected Persons.



The Committees carry out their operations in compliance with their own **internal regulations** approved by the Board of Directors (most recently in 2023), and with the By-Laws and legal, regulatory and corporate governance provisions in force at the time. Each internal regulation defines:

- the tasks and functions of the committee;
- the criteria and rules for its composition;
- the procedures for convening, holding and validating meetings;
- the rules for making available the documentation on the items on the agenda (normally, at least three days in advance, except in urgent cases);
- the availability of resources (including information) for carrying out its tasks;
- relations with Corporate Functions;
- reporting flows and monitoring rules.

No functions of one or more committees have been reserved for the Board as a whole.

In accordance with the relevant regulations, the **composition of the Committees** must consist of:

- only non-executive directors and a majority of independent directors (with the exception of the Related Party Transactions Committee for Transactions with Related Parties, which is composed exclusively of independent directors); if the Chairperson of the Board of Directors, who is considered to be independent, is a member of a Committee, the majority of the other members of the Committee must be independent directors (currently, the Chairperson is not a member of any Committee);
- at least one director elected by minority shareholders;
- at least one director of the least represented gender;
- additional specific competencies to be assessed by the Board at the time of appointment: (i) for the Remuneration Committee, at least one member shall have knowledge and experience in financial matters or remuneration policies; (ii) for the Risk and Sustainability Committee, all members shall have knowledge, skills and experience to fully understand and monitor the Bank's strategies and risk orientations and at least one member shall have appropriate accounting and financial or risk management experience.

Each Committee appoints from among its members: (i) a **Chairperson**, selected from among the independent Directors in accordance with the criteria set out in its Rules of Procedure, with the task of convening and chairing meetings and coordinating the Committee's work; (ii) a **Secretary**, chosen from among the Bank's senior management.

The Chairperson of each Committee, assisted by the Secretary, ensures that adequate information and documentation is



provided in good time for the items on the Committee's agenda.

The Committee's meeting schedule is coordinated with the Board's meetings to promote more effective use of its work and to ensure an appropriate flow of information to the Board.

At the invitation of their respective Chairpersons and for the matters falling within their competence, the management of the Bank and of the Group companies regularly attend the meetings of the Board Committees; the Managing Director/CEO of the Bank is informed of such invitations.³⁴

³⁴ For further information on the composition and operations of the Committees in 2023, please refer to Section 7.3 (Appointments Committee), Section 8.3 (Remuneration Committee), Section 9.2 (Risk and Sustainability Committee) and Section 10.1 (Related-Party Transactions Committee).

The **Committees** carry out their operations in **compliance** with their own **internal regulations** approved by the Board of Directors, and with the By-Laws and the applicable legal, regulatory and corporate governance provisions.

Self-assessment and succession of Directors – Appointments Committee



7.1 Self-assessment of the Board of Directors and its Committees

With the support of the Appointments Committee, the Board of Directors continuously, and at least once a year, assesses the correctness and effectiveness of its operations, as well as the adequacy of its size and composition, taking into account professional skills and experience – including managerial experience –, the gender of its members and their seniority in office.

The assessment concerns the Board as a whole and the contribution of each director to the Board's work and is extended to its internal committees (Risk and Sustainability Committee, Appointments Committee, Remuneration Committee and the Related-Party Transactions Committee).

The self-assessment also aims to strengthen the relationships of collaboration and trust between the individual members as well as the specific roles and responsibilities they hold, encouraging active participation.

The self-assessment process adopted by the Bank

The self-assessment process is governed by the "Internal Regulation on the Self-Assessment Process" ("**Self-Assessment Regulation**"), approved by the Board of Directors in accordance with the Supervisory Provisions on the Corporate Governance of Banks and in line with the recommendations of Article 4 of the Corporate Governance Code and applicable national and European regulations on the suitability of directors. The Regulation sets out the purposes, methods and timeframes of the self-assessment process, the results of

which are reported in the minutes of the relevant Board meeting and made available to the Supervisory Authorities.

The Chairperson of the Board of the Directors, assisted by the Appointments Committee, oversees the self-assessment process and ensures that it is carried out effectively, transparently and in a manner commensurate with the complexity of the work of the Board and its Committees (in consultation with their Chairpersons).

In view of how the process is structured, in addition to the members of the Board of Directors, the members of the Board of Statutory Auditors and other internal subjects are also involved. These are identified by the Chairperson – with the support of the Appointments Committee – at the time of each specific self-assessment, on the basis that they have a background of information that enables them to express an opinion on the work of the corporate boards examined. The self-assessment process also includes the prior structural involvement of the Compliance Function with regard to potential compliance issues.

The process is carried out at least once every three years with the help of an external professional/advisory firm.

Stages of the self-assessment process

a) Preliminary phase

The actions taken following the findings of the previous self-assessment along with any indications received from the Supervisory Authorities are assessed, also considered are



the corporate events that took place during the year, the Bank's situation, changes to industry regulations as well as all information that is useful for the preparation of the questionnaires to be given to the directors.

b) Collection of directors' responses

Information is gathered through questionnaires and/or interviews focusing on the main areas of interest (size, composition, functioning of the Board). Interaction with the Directors makes it possible to collect each of their comments, observations, evaluations and reflections on the topics covered by the questionnaire, including any relating to the Board Committees of which they are members. All analyses, questionnaires and comments are processed and kept anonymous and confidential.

c) Summary and assessment of information

A **report** summarises the data and information collected, including the analysis of company documentation, and presents the results of the self-assessment process, identifying strengths and areas for improvement.

Based on the Board's examination of this report, the Board – with the support of the Appointments Committee – identifies and reviews key strengths and areas for improvement and adopts appropriate measures for the performance of its duties, including the implementation of any training programmes aimed at enhancing the skills and knowledge of its members.

Activities in 2023

On 25 January 2024, the Board of Directors completed its periodic self-assessment of the adequacy of the composition and effectiveness of the Board and its Committees.

The self-assessment process, which covered the first year of the 2023-2025 three-year mandate, was carried out in accordance with the provisions of the Self-Assessment Regulation.

The Board's self-assessment was carried out with the professional support of Crisci & Partners, an expert corporate governance advisory firm.

This firm was found to meet the requirements of neutrality, objectivity, competence and independence set out in the Regulation. With regard to the independence profile, it should be noted that Crisci & Partners had no economic relationship with the Bank and/or any of the Group's companies.

Stages of the self-assessment process

In accordance with the Self-Assessment Regulation, Crisci & Partners assisted the Board of Directors in the following steps:

- **Preliminary phase:** information was gathered on the qualitative and quantitative composition and functioning of the Board. Depending on the scope of the review, the preliminary phase was carried out through the collection of information already available to the Bank, as well as through questionnaires and individual interviews;
- **data processing:** the information collected during the preliminary phase was analysed and consolidated, taking care to ensure the anonymity of the Directors in all cases;
- **preparation of results:** Crisci & Partners, after discussing and sharing the results of the data processing with the Appointments Committee, formalised the findings in the document *"Results of the Self-Assessment of the Board of Directors and the Board Committees - 2023"*, which summarises the methods used and the results obtained.

The questionnaire, in line with the approach proposed by Board Review best practices in Corporate Governance, focused on several areas relating to the composition and effectiveness of the Board and its Board committees.

Scope of assessment

The key aspects assessed were as follows:

- the qualitative and quantitative composition of the Board and its Committees, taking into account the presence of independent directors and diversity in terms of age, gender and length of service;

- the existence of succession plans for executive and Top Management positions;
- the frequency and effectiveness of induction and onboarding sessions; the overall functioning of the Board; the conduct of meetings including frequency, subjects covered, duration, level and manner of participation within the Board; the roles of the Chairperson and CEO;
- the composition, role and functioning of the Board committees and the quality of their contribution to the Board;
- the flow of information between the corporate bodies.

Following the completion of the questionnaire by all Directors, the process included one-on-one interviews with Crisci & Partners consultants to discuss the key issues highlighted by each Director. The Chairperson of the Board of Statutory Auditors and the Secretary of the Board of Directors were also interviewed.

In particular, the questionnaires and interviews covered various topics in order to assess:

- the effectiveness of the Board of Directors with regard to relevant issues such as the definition of strategies, the internal control and risk management system, Sustainability, etc.;
- the organisation and conduct of Board meetings, with particular reference to the completeness and timeliness of the flow of information, the quality of the minutes and the support provided by the Board secretariat and Top Management;
- the dynamics of board discussions and related decision-

- making processes;
- the role and responsibilities of the Board members, with a particular focus on the Chairman and the CEO;
 - the functioning of the Committees and the effectiveness of their activities in supporting the Board;
 - the proper amount of time the Board devotes to debating issues relevant to the Bank, including risk control and management and long-term strategy;
 - the awareness of all Board members of ESG and Sustainability-related issues and principles.

The Board's deliberations were supported by a benchmark referring to other Italian and foreign listed banks (with regard to the composition of their Boards, the number of executive and non-executive directors, and the professional background of the directors).

Information summary and assessment

Based on its examination of the Report, the Board of Directors, upon proposal and with the support of the Appointments Committee, identifies and examines the main strengths and areas for improvement.

Strengths

- Development of a proactive dynamic among directors, with positive attention and a high sense of belonging;
- The quality of discussion is generally considered to be high, with free expression of opinion by each member;
- Full awareness of the leadership, competence and commitment of the Chief Executive Officer and the management structure;
- The relationship between the Chairperson and the Chief Executive Officer is constructive and stimulates the work of the Board;
- The Secretariat structure provides important support to the work of the Board and its Committees.

Areas for improvement

- Organise more opportunities for face-to-face meetings so that Directors can spend time together not only at Board meetings but also on informal occasions such as off-site or corporate events;
- Plan a session dedicated to long-term strategy. This strategic session could be organised as an off-site meeting;
- Carry out some training and development programmes for all directors in 2024, in addition to the ongoing permanent induction programme;
- Continue activities to encourage greater proactivity from some Directors;
- Deepen understanding of the impact of Sustainability issues, targets and KPIs.

7.2 Appointment and succession of directors and Top Management

The appointment of the Board of Directors, based on the presentation of lists of candidates and in compliance with the provisions of the By-Laws, laws and regulations, ensures the representation of minority shareholders, the presence of independent directors and gender balance. For further information, please refer to Sections 4.2 and 4.3.

Replacement of directors terminating their office during their mandate

In these cases, the list voting system is not applicable. Instead, the provisions of the law (Article 2386 of the Italian Civil Code) are applied, always in compliance with the fit and proper requirements for the office and the criteria of independence and gender balance of the Directors, as set out in the By-Laws and the applicable regulations. In these cases too, the Board of Directors, after receiving the opinion of the Appointments Committee, assesses not only the fit and proper requirements of the new director, but also the consistency between the qualitative and quantitative composition considered optimal for the Board as a whole and the actual composition resulting from the appointment process (in particular in terms of contribution of skills, professionalism and diversity requirements).

If the majority of directors terminates office, the whole Board of Directors shall be deemed to have resigned, with effect from the date it is re-established.

Directors may be removed from office by the Shareholders' Meeting at any time, subject to the director's right to compensation for damages, if his/her removal is without just cause.

Plans for the orderly succession of top executive positions

The Bank has a succession plan for the positions of Chief Executive Officer and General Manager in order to guarantee the going concern basis of the Bank and avoid any financial or reputational repercussions in the event of an early termination of the role.

The process involves the definition of the process for identifying and appointing the new executive and the definition of a skills and remuneration profile for the role. It is approved and reviewed periodically by the Board of Directors, upon the proposal of the Appointments Committee – which, in turn is referred to by the Chairperson – and with the favourable opinion of the Remuneration Committee (for the part within its jurisdiction).

The process is updated every three years in line with the expiry of the Board's mandate; the Appointments Committee is responsible for assessing the adequacy of the process annually with a view to potentially reviewing it earlier.

On 6 February 2024, the Board of Directors appointed the current Chief Commercial Officer for Business and Private as Deputy General Manager of the Bank.

Succession plans for other corporate positions

In order to ensure the continuity of management in general, BMPS has also put in place succession plans for other corporate positions in order to:

- plan the professional requirement³⁵ for the Bank's key positions of responsibility and identify, on the basis of managerial profiles and experiences, a pool of potential replacements along with the time required for their development into the target position;
- monitor the risks of filling company positions that may become vacant over time due to a lack of potential replacements;
- develop resources with managerial growth potential, paying particular attention to inclusion and diversity and support the appointment processes for the key roles of responsibility.

³⁵ Pursuant to the provisions of MEF Decree no. 169/2020, the Board of Directors also assesses whether the requirements of integrity, as well as the criteria of correctness and competence, are met by the Managers in charge of the Bank's Key Corporate Functions: the Chief Compliance Executive (CCE), the Chief Risk Officer (CRO), who also heads the Anti-Money Laundering Function, the Chief Financial Officer (CFO), the Financial Reporting Officer and the Chief Audit Executive.

The **appointment of the Board of Directors**, based on the presentation of lists of candidates and in compliance with the **provisions of the By-Laws, laws and regulations**, ensures the **representation of minority shareholders**, the presence of independent directors and **gender balance**.

7.3 Appointments Committee

At its meeting of 20 April 2023, the Board of Directors set up the Appointments Committee, composed of five directors, to carry out the functions assigned to it by the By-Laws, the applicable Supervisory Provisions on the Corporate Governance of Banks and the Corporate Governance Code, as detailed in its internal Regulation.

Composition and operations of the Appointments Committee in 2023 (as per Article 123-bis, Par. 2, letter d) of the TUF)

Members in office until 20 April 2023	Office	List M/m (1)	Non-executive	Meetings (2)
Maione Nicola (*)	Chairperson	M	X	4/4
Bader Luca (*)	Member	M	X	4/4
Castellano Rosella (*)	Member	M	X	4/4
Giorgino Marco (*)	Member	m	X	3/4
Rao Roberto (*)	Member	M	X	4/4

Directors who resigned during the period

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(*) Director who meets the independence requirements established by Article 15 of the By-Laws: independence requirements established by Article 147-ter and Article 148, paragraph 3 of the TUF, Article 13 of MEF Decree no. 169/2020 and Article 2 of the Corporate Governance Code.

(1) Director elected from the majority list ("M") or minority list ("m").

(2) Number of Committee meetings (out of the total number held) attended by the director.

Members in office since 20 April 2023	Office	List M/m (1)	Non-executive	Meetings (2)
Lombardi Domenico (*)	Chairperson	M	X	9/9
De Martini Paola (*)	Member	m	X	9/9
Martiniello Laura (*)	Member	M	X	9/9
Sala Renato (*)	Member	M	X	9/9
Visconti Donatella (*)	Member	M	X	9/9

Componenti cessati durante l'esercizio

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(*) Director who meets the independence requirements established by Article 15 of the By-Laws: independence requirements established by Article 147-ter and Article 148, paragraph 3 of the TUF, Article 13 of MEF Decree no. 169/2020 and Article 2 of the Corporate Governance Code.

(1) Director elected from the majority list ("M") or minority list ("m").

(2) Number of Committee meetings (out of the total number held) attended by the director.

Participating in the work of the Committee

The members of the Control Body (i.e. the Board of Statutory Auditors) may participate in the work of the Committee.

The Chairperson of the Board of Directors is invited to participate in the work of the Committee on a permanent basis; the other members of the Board of Directors may attend the meetings of the Committee upon specific request to the Chairperson of the Committee or at the invitation of the Chairperson.

The CEO and the General Manager may be invited to attend the meetings of the Committee when deemed appropriate in view of the matters under discussion.

The Bank's Chief Risk Officer, Chief Audit Executive and Compliance Officer are formally and regularly informed of the Committee's meeting agenda and may attend Committee meetings at the invitation of the Chairperson; they may decide at their own discretion whether to attend the meetings and may request access to and visibility of the relevant documents of each Committee meeting on agenda items of interest to them, subject to specific topics, including potential conflicts of interest, for which the Chairperson of the Committee does not deem it necessary to extend visibility.

Functions of the Appointments Committee

The Committee has the right of access to all company information necessary for the performance of its duties. It may also engage external consultants when needed, within the limits of the financial resources allocated by the Bank in a specific budget to ensure the Committee's operational independence.

The Appointments Committee mainly supports the Board of

Directors in the following processes:

- appointment or co-optation of directors;
- self-assessment of the Board of Directors and Board Committees;
- verification that the requirements and suitability criteria are met by the members of the Board of Directors, the Managers in charge of the Key Corporate Functions and the directors, providing an opinion on the size and adequate collective composition of the Board of Directors and of the Board Committees, as well as on the professional skills deemed necessary within the Board itself;
- definition of the succession plans for the top executive positions (currently the Chief Executive Officer and the General Manager);
- any presentation of a list by the outgoing Board of Directors.

In carrying out its duties, the Committee takes into account the objective of avoiding that the decision-making processes of the Board of Directors are dominated by a single individual or groups of individuals that can cause harm to the Bank.

Specifically, the Committee, *inter alia*:

A) submits proposals to the Board of Directors:

- for the appointment of candidates to the office of director in the cases provided under Article 2386, first paragraph of the Civil Code, when a director needs to be replaced;
- on the indication of the Chairperson, for the appointment of the CEO or CEOs;
- for identification of the individuals required to carry out the self-assessment process of the Board of Directors;

The Appointments Committee mainly supports the Board in the processes of appointment, self-assessment and verification of the requirements of the members of the Board and of the Board Committees.

B) expresses its opinions to the Board of Directors:

- on the proposal of the CEO, regarding the appointment and succession plans for the General Manager (if different from the CEO) and the staff whose appointment is the exclusive and non-delegable responsibility of the Board of Directors, in accordance with the By-Laws and applicable laws in force;
- on the proposal of the General Manager, regarding the appointments of the Acting Deputy General Manager and the Deputy General Managers;
- on the proposal of the Chief Executive Officer, which will be discussed with the Chairperson of the Board of Directors, regarding the appointment of Directors and Statutory Auditors in subsidiaries and investee companies, the decision-making powers of which lie with the Board of Directors;
- in the event that lists are submitted by the Board of Directors to the Shareholders' Meeting, on the methods

used to ensure that the list is drawn up and presented in a transparent manner and on the suitability of the candidates, based on an analysis carried out in advance by the Board of Directors itself;

- upon proposal of the CEO, with regard to the assessment of the suitability of the members of the Board of Directors, the Heads of the AML, Compliance, Risk Control and Internal Audit Functions, the Chief Financial Officer and the Financial Reporting Officer ("**Heads of the Key Corporate Functions**");
- for the dismissal of independent directors or banking officers elected by minority shareholders, on the basis of an assessment of the suitability of the banking officer, if requested by the Chairperson of the Board of Directors.

C) supports the Board of Directors in its duties and the achievement of its objectives attributed to it by the supervisory regulations:

- in identifying the qualitative and quantitative composition of the Board of Directors considered to be optimal;
- in the subsequent verification of the qualitative and quantitative composition considered to be optimal and the composition that ensues from the appointment process;
- with regard to the need to ensure an appropriate level of diversity in the collective composition of the Board of Directors, and without prejudice to the obligations imposed by the rules applicable to listed banks, the Committee sets a target for the proportion of the under-represented gender and draws up a plan to increase this proportion to the set target..

D) provides its own contribution to the Risk and Sustainability Committee:

- for identifying and recommending the Heads of the Corporate Control Functions (Heads of Internal Audit, Regulatory Compliance, Risk Control, Anti-Money Laundering and Validation Functions) to be appointed and for their possible removal.

Activities in 2023

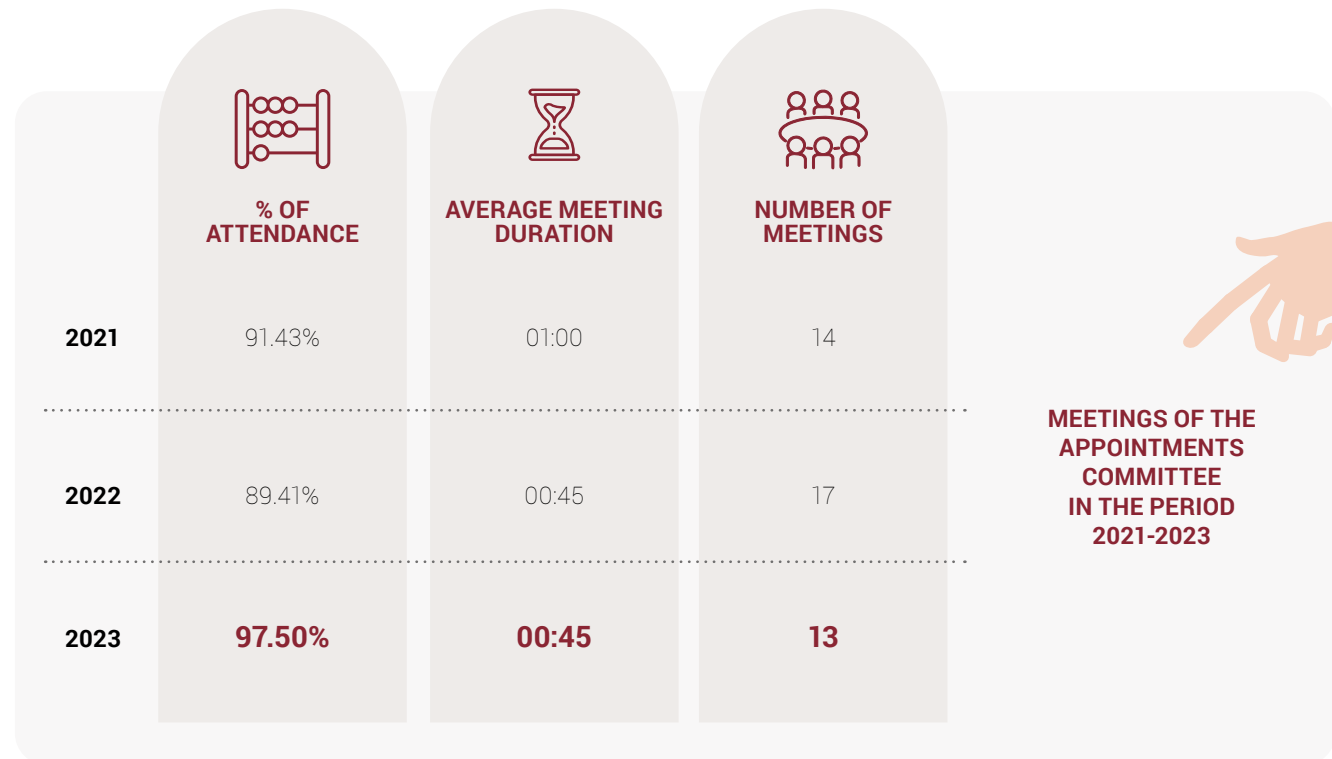
In 2023 the Committee supported the Board of Directors and/or the Risk and Sustainability Committee with proposals and/or advice on the:

- self-assessment of the Board of Directors and Board Committees;
- prior identification of the qualitative and quantitative composition of the Board of Directors that is considered optimal;
- periodic and/or post-appointment assessment of fit and proper requirements, limits on the number of positions held and compliance with the ban on interlocking directorates, in accordance with the applicable rules;
- periodic review of requirements and suitability requirements for the Heads of Key Corporate Functions³⁶;
- appointment of the Chief Executive Officer;
- appointment of the Director in charge of the internal control and risk management system;
- appointment of the Manager in charge of AML for the Group;
- appointment of Directors and Statutory Auditors of subsidiaries and/or investee companies.

The Committee also provided the Board with a quarterly update on the activities carried out. Once approved, the minutes of the Committee's meetings are made available to the Board of Directors and the Board of Statutory Auditors through a specific procedure using protected methods in order to ensure timely and continuous information on the matters reviewed. In addition, the Chairperson of the Appointments Committee reports at the first available meeting on any matters deemed urgent or relevant.

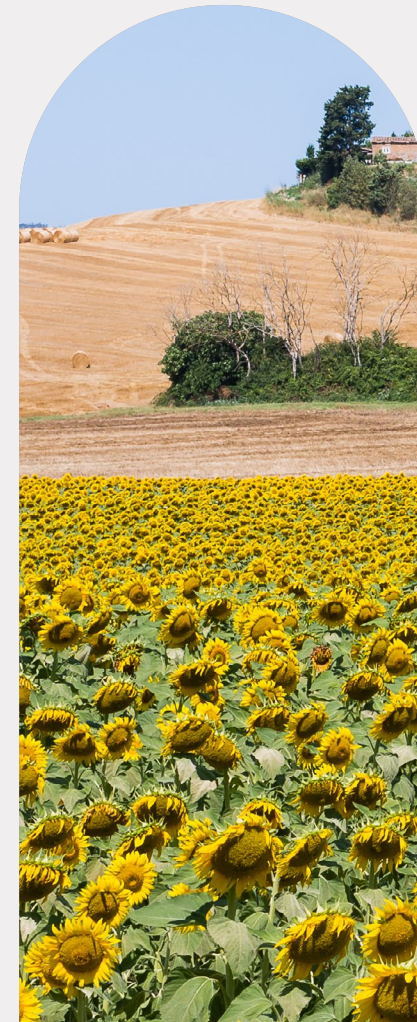
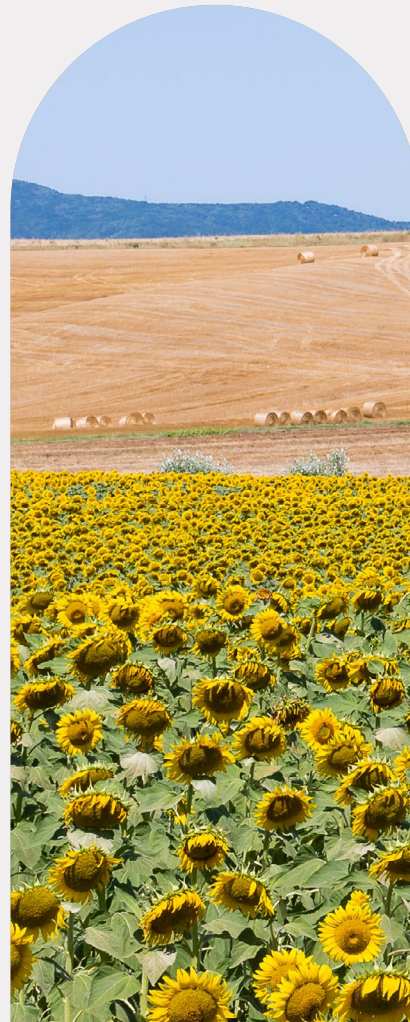
Meetings in 2023

In 2023, the Committee held a total of 13 meetings with an average duration of 45 minutes. The minutes of the meeting were duly recorded by the Secretary. A schedule of meetings has been drawn up for 2024, to be held at the invitation of the Chairperson whenever there is a need to discuss matters within the Committee's remit. At the date of this Report, the Committee has held a total of 3 meetings.



³⁶ See previous note.

Remuneration of Directors and Remuneration Policy Report – Remuneration Committee



8.1 Remuneration of directors

In compliance with the provisions of Articles 13 and 26 of the By-Laws, the Ordinary Shareholders' Meeting determines the remuneration of the Directors and Statutory Auditors and approves the remuneration and incentive policies, the compensation plans based on financial instruments applicable to the members of the board, the employees and collaborators who are not employees of the Bank and the criteria for determining the compensation payable in the event of early termination of the work relationships or early termination of the office, including the limits set for said compensation in terms of the years of fixed remuneration and the maximum amounts arising from their application. As provided for in Article 26 of the By-Laws, the Board of Directors, after hearing the opinion of the Board of Statutory Auditors and upon the proposal of the Remuneration Committee, establishes the remuneration of directors holding particular offices pursuant to the By-Laws, including the directors who are members of the Board Committees referred to in Article 17, paragraph 4 of the By-Laws (Appointments Committee, Remuneration Committee, Risk and Sustainability Committee and Related-Party Transactions Committee), except for the remuneration of the Chairperson of the Board of Directors, which is set by the Shareholders' Meeting.

8.2 Remuneration Policy Report

The Board of Directors, with the support of the Remuneration Committee (see Section 8.3) and of the relevant corporate functions involved in the process provided for by the Group Policy on remuneration and incentive policies and practices, prepares and submits to the Shareholders' Meeting an annual "*Report on the remuneration policy and emoluments paid*", drawn up in accordance with the requirements under Article 123-ter of the TUF as well as those deriving from the Supervisory Provisions on Remuneration Policies and Practices in Banks and Banking groups (hereinafter also "**Remuneration Policy**").

The purpose of the Remuneration Policy Report is to provide shareholders with a clear and comprehensible annual presentation of the Bank's and the Group's policy on the remuneration of members of corporate bodies, employees³⁷ and collaborators of the Group for the coming year (Section I) and to provide detailed information on the implementation of the remuneration policy in the previous year with regard to the remuneration paid (Section II).

The Report, which is divided into two sections, is submitted to the shareholders' meeting for a binding vote for Section I and a non-binding vote for Section II. Overall, the remuneration policy contributes to the corporate strategy, the pursuit of long-term interests and the sustainability of the Company and illustrates how it makes this contribution.

³⁷ In particular, with regard to the so-called Identified Staff (see note 41 below), represented by those subjects whose professional activities have or may have a significant impact on the risk profile of the bank or banking group.



The remuneration model developed for 2023 aims to consolidate certain aspects that characterise the Group's remuneration policy, such as the:

- meritocracy of the remuneration systems;
- link between remuneration, risk, and sustainable performance by expanding and strengthening the integration of ESG objectives into short- and long-term business strategies;
- consistency with benchmark market practices and compliance with the current regulatory framework;
- transparency towards shareholders and investors.

The Bank has, therefore, adopted a remuneration policy that is not focused exclusively on economic and financial results, but is able to express its commitment to values and principles such as sustainability, gender neutrality, inclusiveness, equal opportunities, as well as listening to, engaging and involving employees.

The Remuneration Policy was also developed with the intention to prevent situations of conflict of interest and strengthen a culture of regulatory compliance and responsible risk management, and to achieve increasingly greater coherence in the remuneration of comparable roles and responsibilities, also in relation to their complexity and strategic nature within the Group, offering everyone the same development and career opportunities.

Also relevant to this issue are the remuneration commitments undertaken with the European Commission as part of the 2017 precautionary recapitalisation and, subsequently, the 2022-2026 Business Plan, which require the Bank to adopt a restrictive variable remuneration policy that, in recent years,

The Bank has adopted a **remuneration policy** that is able to express its commitment to values and principles such as **sustainability, gender neutrality, inclusiveness, equal opportunities.**

has not allowed top management to be paid a variable salary component. The commitments also include the overall salary cap³⁸) applied to the Chief Executive Officer/General Manager and the other top management figures of the Bank and the Group, as well as compliance with further limitations established by the regulations in force.

Activities in 2023

In 2023, on the occasion of the renewal of the Bank's corporate boards, the Shareholders' Meeting of 20 April 2023 determined the gross annual remuneration of the Directors and Statutory Auditors for the period 2023-2025, in accordance with the provisions of the By-Laws. The Board of Directors deliberated on the additional gross annual remuneration for the members of the Board Committees and for the Directors with specific roles (pursuant to Article 2389, paragraph 3 of the Civil Code).

³⁸ No individual's total compensation may exceed ten times the average employee compensation in 2022.

In accordance with the commitments undertaken, with the applicable legal and regulatory framework and in line with the objectives of the 2022-2026 Business Plan, the Shareholders' Meeting of 20 April 2023 also approved the 2023 Incentive System and the use of Phantom Shares³⁹ for the payment of variable remuneration (and any severance payments⁴⁰) in favour of the Executive Directors and the employees identified within the Montepaschi Group's framework of Identified Staff⁴¹.

For further information on this subject, and in particular on the remuneration received by the Bank's Directors and Top Management in 2023, the share-based payment plans, the principles governing the accrual and payment of remuneration, the regulations in force and the indemnities paid to Directors in the event of resignation, dismissal or termination of employment following a public takeover bid (pursuant to Article 123-bis, paragraph 1, letter i) del TUF), please refer to the "Report on the remuneration policy and emoluments paid", published on the website at www.gruppompaschi.it/en – Corporate Governance – Remuneration.

³⁹ **Phantom Shares**: synthetic financial instruments that can be converted into cash on the basis of the market value of the Bank's ordinary shares, in accordance with the agreed deadlines for the payment of financial instrument shares to Identified Staff under the 2023 Incentive System as well as any Severance payments. The mechanism excludes the use of the Bank's own shares.

⁴⁰ **Severance**: amounts received under agreements for early termination of employment (for the part exceeding the cost of notice and excluding what is provided for by law) or for termination of office, to be paid partly in financial instruments in accordance with the Supervisory Provisions and Remuneration Policy (including the fees for any non-competition clause, for the amount exceeding one year's fixed remuneration of the Beneficiary).

⁴¹ **Identified Staff**: employees whose professional activities have or may have a significant impact on the risk profile of the Bank or the Banking Group, as identified by the Bank in accordance with the relevant legal and regulatory requirements.

8.3 Remuneration Committee

At its meeting of 20 April 2023, the Board of Directors set up the Remuneration Committee, composed of five directors, to carry out the functions assigned to it by the By-Laws, the applicable Supervisory Provisions on the Corporate Governance of Banks and the Corporate Governance Code, as detailed in its internal Regulation.

Composition and operations of the Remuneration Committee in 2023 (as per Article 123-bis, Par. 2, letter d) of the TUF)

Members in office until 20 April 2023	Office	List M/m (1)	Non executive	Meetings (2)
Di Raimo Raffaele (*)	Chairperson	M	X	8/8
Bader Luca (*)	Member	M	X	4/8
Barzaghi Alessandra (*)	Member	m	X	8/8
Bassilichi Marco (**)	Member	M	X	8/8
De Martini Paola (*)	Member	m	X	8/8
Directors who resigned during the year				
//				

Members in office since 20 April 2023	Office	List M/m (1)	Non executive	Meetings (2)
Brancadoro Gianluca (*)	Chairperson	M	X	4/4
De Martini Paola (*) (3)	Member	m	X	0/0
Foti Belligambi Lucia (*) (3)	Member	M	X	0/0
Negri-Clementi Anna Paola (*)	Member	M	X	4/4
Sala Renato (*)	Member	M	X	4/4
Directors who resigned during the year				
Giorgino Marco (*) (4)	Member	m	X	1/4
Martiniello Laura (*) (5)	Member	M	X	4/4

(*) Director who meets the independence requirements established by Article 15 of the By-Laws: independence requirements established by Article 147-ter and Article 148, paragraph 3 of the TUF, Article 13 of MEF Decree no. 169/2020 and Article 2 of the Corporate Governance Code.

(**) Director who meets the independence requirements established by Article 147-ter and Article 148, paragraph 3 of the TUF.

(1) Director elected from the majority list ("M") or minority list ("m").

(2) Number of Committee meetings (out of the total number held) attended by the director.

(*) Director who meets the independence requirements established by Article 15 of the By-Laws: independence requirements established by Article 147-ter and Article 148, paragraph 3 of the TUF, Article 13 of MEF Decree no. 169/2020 and Article 2 of the Corporate Governance Code.

(1) Director elected from the majority list ("M") or minority list ("m").

(2) Number of Committee meetings (out of the total number held) attended by the director.

(3) Appointed Committee member on 14 December 2023.

(4) Resigned as Director and Committee member on 13 November 2023.

(5) Resigned as Committee member on 14 December 2023.

Participating in the work of the Committee

The Chairperson of the Board of Directors is invited to participate in the work of the Committee on a permanent basis; the other members of the Board of Directors may attend the meetings of the Committee upon specific request to the Chairperson of the Committee or at the invitation of the Chairperson.

The CEO and the General Manager may be invited to attend the meetings of the Committee when deemed appropriate in view of the matters under discussion.

The members of the Board of Statutory Auditors may participate in the work of the Committee.

The Bank's Chief Risk Officer, Chief Audit Executive and Compliance Officer are formally and regularly informed of the Committee's meeting agenda and may be invited by the Chairperson to attend Committee meetings at their request. They may request access to and visibility of the relevant documents of each Committee meeting on agenda items of interest to them. Other Functions of the Bank may be invited to participate in the work of the Committee.

Functions of the Remuneration Committee

The Committee has access to the corporate information necessary for the performance of its duties. Within the limits of the financial resources made available by the Bank in a specific budget to ensure its operational independence, the Committee may also have recourse to external advisors, experts in remuneration policy, provided that they do not at the same time provide services to the Chief Human Capital Officer, to directors or to managers with strategic responsibilities that are of such importance as to specifically compromise the independent

judgement of the advisors themselves.

The Remuneration Committee performs the duties as required by the applicable laws, regarding remuneration and incentives policies and practices. In particular, in compliance with the Supervisory Provisions on the Corporate Governance of Banks:

- its duties comprise proposals regarding the compensation of personnel, and the remuneration and incentive systems for the latter are decided upon by the Board of Directors;
- it provides an opinion on the results of the process to determine Identified Staff, including any exclusions, based also on the information received from the relevant Corporate Functions;
- it provides recommendations for determination of the criteria to be adopted for the remuneration of all the Identified Staff;
- it periodically assesses the criteria adopted for the remuneration of executive managers with strategic responsibilities and monitors their application;
- it provides recommendations for determination of the criteria to be adopted for the remuneration of all Identified Staff;
- it directly monitors correct application of the rules relative to the remuneration of the managers of the Corporate Control Functions, in close cooperation with the Board of Statutory Auditors;
- it handles the preparation of the documentation to be submitted to the Board of Directors for the relative decisions to be taken;
- it collaborates with the other internal committees of the Board of Directors, in particular the Risk and Sustainability

The **Remuneration Committee** performs the duties as required by the **applicable laws, regarding remuneration and incentives policies and practices.**

Committee;

- it ensures that the competent Corporate Functions are involved in the process of setting up and monitoring the remuneration and incentive policies and practices;
- including through the use of information received from the qualified Corporate Functions, it expresses its opinion on whether the performance objectives connected to the incentive schemes have been reached and ascertains that other terms and conditions set for the granting of the remuneration have been fulfilled;
- it assists the Board of Directors in the development of the remuneration policy and ensures the involvement of the relevant business functions in the process of developing and monitoring remuneration and incentive policies and practices, with a particular focus on gender neutrality;
- it monitors the practical application of the remuneration policy and expresses its opinion, also on the basis of the information received from the relevant Corporate

Functions, on the achievement of the performance targets and other conditions (performance targets and conditions set both at corporate level and – for the only professional figures whose remuneration is decided by the Board of Directors – at individual level) to which the incentive plans are linked;

- it provides appropriate feedback on the activities of the corporate bodies, including the Shareholders' Meeting;
- it expresses an independent opinion regarding the Group's remuneration policies and practices, in general, with reference to the reconciliation of the staff retention objectives and the limitation of the corporate risks;
- it expresses its opinion on the results of the identification process for Identified Staff, including any exclusions, also taking into account the information received from the relevant Corporate Functions.

In this context, the Committee also carries out the following tasks:

A) submits proposals to the Board of Directors:

- at the proposal of the Chairperson of the Board of Directors, in the absence of the directly interested parties, regarding the remuneration of the Chief Executive Officers and other Directors who hold special offices under the By-Laws, including the remuneration of the Directors who are members of the Committees established within the Board of Directors in accordance with Article 17, paragraph 4, of the By-Laws, inclusive of any stock option plans or allotment of shares or financial instruments in connection therewith;

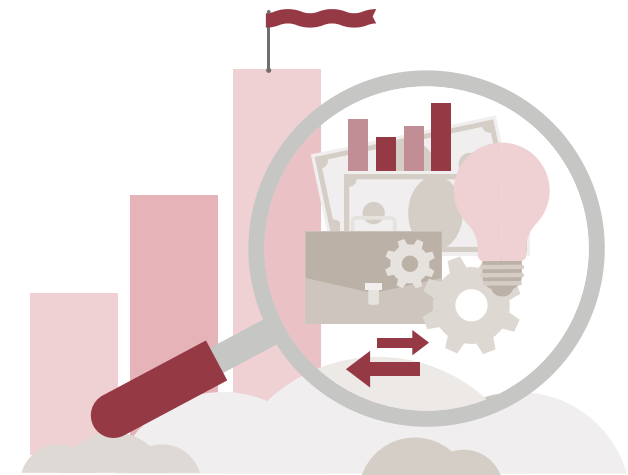
B) expresses its opinions to the Board of Directors:

- on the proposal of the Chief Executive Officer, regarding the Bank's stock option plans or on the allotment of shares or related instruments;
- on the determination of the compensation payable in the event of early termination of the employment relationship for the Executive Directors, the General Manager and the Senior Executives, if it is not in accordance with the provisions of the *Report on the Remuneration Policy and Compensation paid* approved annually by the Bank.

Activities in 2023

In 2023, the Committee provided proposals and/or advice on the:

- Remuneration Policy pursuant to Article 123-ter TUF and identification of Identified Staff;
- Remuneration policies – incentive system;
- gender neutrality in remuneration policies;
- remuneration of Identified Staff;
- examination of retribution items – external benchmark analysis;
- report on compliance of remuneration and incentive policies;
- determination of remuneration for the members of the Board Committees and the 231 Supervisory Body;
- analysis of the use of performance shares for the payment of any severance;
- the "Directors & Officers Liability" ("D&O") insurance coverage;



- analysis of periodic reports prepared by the Chief Human Capital Officer Division.

The Committee also provided the Board with a quarterly update on the activities carried out.

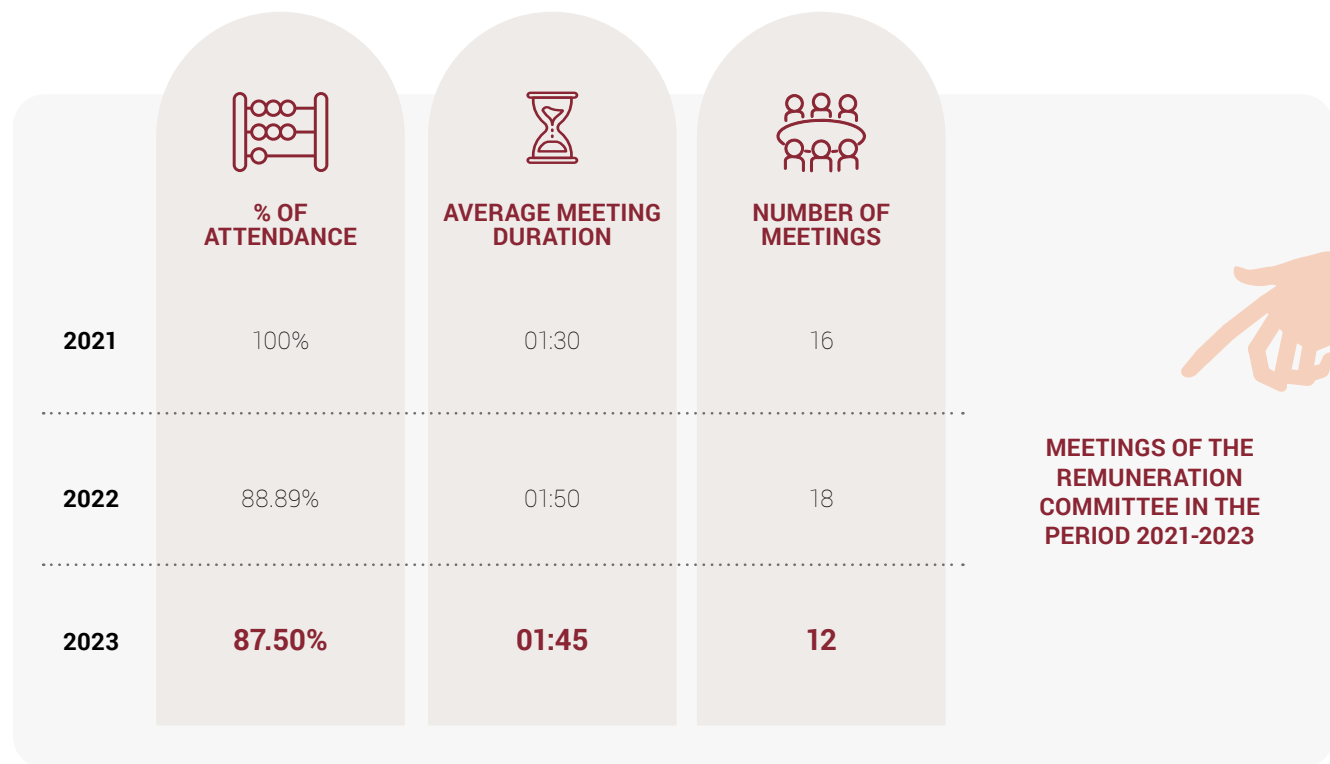
Once approved, the minutes of the Committee's meetings are made available to the Board of Directors and the Board of Statutory Auditors through a specific procedure using protected methods in order to ensure timely and continuous information on the matters reviewed. In addition, the Chairperson of the Appointments Committee reports at the first available meeting on any matters deemed urgent or relevant. The Committee reports to the first available meeting of the Board of Directors on any matters deemed urgent or relevant, either verbally through the Chairperson or through formal documents.

Meetings in 2023

In 2023, the Committee held a total of 12 meetings with an average duration of 1 hour and 45 minutes. The minutes of the meeting were duly recorded by the Secretary.

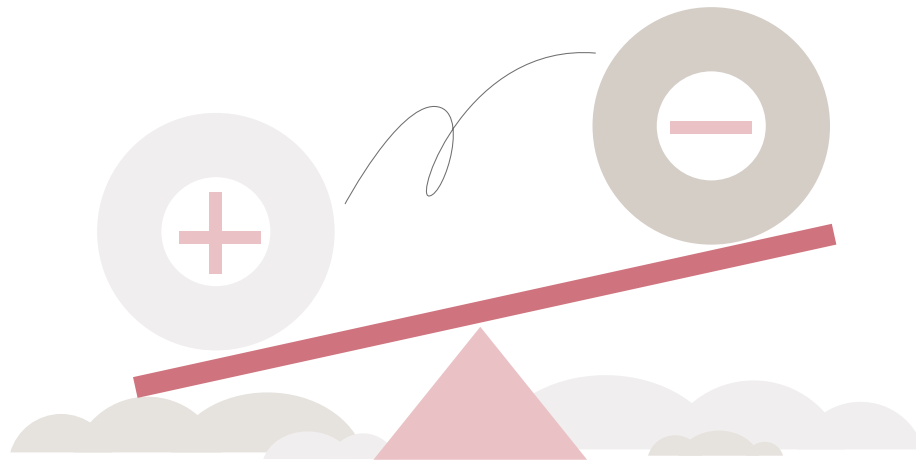
A schedule of meetings has been defined for 2024 according to the definition of the remuneration policies for the current year.

At the date of this Report, the Committee has held a total of 4 meetings.





Internal Control and Risk Management System – Risk and Sustainability Committee



The Board of Directors defines the guidelines for the internal control and risk management system (“**Internal Control System**” or “**ICS**”), so that the main risks of the Bank and its subsidiaries are correctly identified, adequately measured, managed and monitored, while also determining the level of compatibility of these risks with a management that is consistent with the strategic objectives identified and integrated with the elements that are important for the company’s Sustainable Success.

To this end, the Board of Directors approved the “*Group Policy on the Internal Control System*”, last updated in June 2023, (hereinafter referred to also as the “**Policy**”), which sets out the general principles and guidelines of the Internal Control System, the governance model, the methods of coordination, collaboration and reporting flows between the functions with control tasks and the corporate bodies as well as towards the Supervisory Authorities.

The Policy represents the internal regulatory framework of reference for the functioning and evolution of a “*complete, adequate, functional and reliable*” control system capable of ensuring sound and prudent management that is consistent with the legislation and regulations (in particular with the Supervisory Provisions on the Internal Control System) and the Group’s organisational structure and is in line with national and international standards and best practices.

The general principles of the Internal Control System

The Internal Control System adopted by the Montepaschi Group consists of a set of rules, functions, structures, resources, processes and procedures designed to ensure the sound and prudent management of the company. It therefore plays a central role in the organisation of the company, given that it:

represents a key element of knowledge for the company bodies to ensure they are fully aware of the situation and effective monitoring of company risks and their interrelationships;

directs the changes in strategic guidelines and company policies and ensures the consistent alignment of the organisational framework;

monitors the efficiency of operational systems and compliance with the prudential supervisory authorities;

helps promote a culture of risk awareness, compliance with the law and the respect of corporate values.

Consequently, the Internal Controls System takes on a strategic role for the Group and the culture of control assumes a significant position in the scale of corporate values, involving the Bank’s entire organisation (company bodies, organisational units, hierarchical levels, staff) in the development and application of logical and systematic methods for identifying, measuring, disclosing and managing risks.

Within the Group model, the components that characterise the Internal Control System are:

- the **control environment** which formalises the roles and responsibilities in the corporate processes, ensuring transparency, accountability and compliance with the principles of sound and prudent management;
- **risk control** through the identification, assessment, management and monitoring of risks originating from the various operating segments. The Group has developed advanced risk management models by adopting organizational systems aimed at integrating strategic/governance processes and management/control processes, in accordance with the "Risk Appetite Framework" (the "**RAF**") defined by the relevant corporate bodies;
- **controls structure** with appropriate rules and instruments adopted by the individual Corporate Functions to ensure adequate control activity;
- **information and communication** through the identification, collection and distribution of relevant information through information flows that enable all levels of the structure to adequately perform their respective management tasks and adhere to the obligations set by the internal regulations and legal provisions;
- **monitoring** the Internal Control System to ensure it functions adequately and is update, where necessary.

In the Group's approach to the Internal Control System, the Corporate Functions are divided as follows:

Corporate Control Functions in charge of overseeing the internal control system both for specific risk areas (Risk

Management, Validation, Compliance and Anti-Money Laundering), through second-level controls, and for the system as a whole (Internal Audit) through third-level controls;

Control Functions in charge of overseeing the Internal Control System for the specific areas of competence assigned by the legislative, regulatory, statutory and corporate governance frameworks;

Other Corporate Functions in charge of governing the processes for their areas of competence within the Internal Control System.

The term "**Functions with Control Tasks**" refers jointly to the Corporate Control Functions and Control Functions.

Additional control functions with oversight responsibilities have been established within the Internal Control System **for specific areas of responsibility**:

- the Financial Reporting Risk Control Function – Financial Reporting Officer (risks inherent in Law 262/2005);
- the Lack of Business Continuity Risk Control Function;
- the Occupational Health and Safety Risk and Environmental Protection Control Function;
- the Correct Processing of Personal Data Control Function;
- the Human Resources/Compensation Function, which – within the scope of the corporate models and rules adopted by the Group in relation to remuneration and incentive policies and practices – is the structure in charge of developing the remuneration and incentive

policies and practices, to be submitted to the Board and subsequently presented to the Shareholders' Meeting for approval, and supervising the correct implementation of the remuneration policies;

- the Budget and Planning Control Function, whose purpose is to ensure that the Parent Company and the Group as a whole maintain an economic, financial and equity balance;
- the Lack of Control of Outsourced Activities Risk Control Function;
- IT Security Control aimed at defining security policies and overseeing and managing system infrastructure and application anomalies;
- the Risk Management Model function, which oversees Model Risk management and therefore Model Change of internal risk measurement models.

The Bank has also set up an organisational unit to manage the internal whistleblowing system for reporting violations. The unit is responsible for receiving, investigating and assessing all reports made in good faith by staff members using the prescribed procedure, concerning negligent, illicit, irregular or improper circumstances and behaviours in the workplace that the reporting person suspects or has become aware of in the course of their duties.

Depending on the principle of proportionality, the Group companies either have their own units with autonomous control functions or centralise these functions within the Parent Company.

The criteria and decisions of the individual companies for the different areas must be coordinated with the respective Parent

Company Function, as set out in the specific regulations for each matter. In the case of centralisation of functions in the Parent Company, specific agreements must be drawn up in accordance with the provisions of the "Policy on *Outsourcing of Corporate Functions*".

The Corporate Functions guarantee the evolution of the system consistent with the Group development and productive diversification strategies and with the need for increasingly higher levels of reliability of the processes within its competence, which may give rise to company risks connected with ordinary activities (credit, market, etc.); the trends in certain segments, the decisions to create or handle new products or the decision to develop additional business areas also encourage and shape the process of updating control activities.

With a view to integrated management, the areas for improvement identified are communicated to the Control Functions in relation to the specific areas of competence, also using mechanisms for coordination and exchange between these entities. The identified areas for improvement must also be systematically "followed up".

The management of the components concerns all Group Companies and the individual Corporate Functions.

Regardless of the structures in which they are situated, the Internal Control System contains the following types of control:

- First-level controls, aimed at ensuring the correct performance of transactions, governed and conducted directly by the operational structures through dedicated units or incorporated into the procedures;
- Second-level controls, performed by the Risk Management,

Compliance, Anti-Money Laundering and Validation Functions, are aimed at ensuring the proper implementation of the risk management process, compliance with the assigned operating limits and regulatory compliance. The responsibility for the management and monitoring of ICT and security risks, as required by the supervisory provisions on information system control⁴² is assigned to the Risk Control Function and the Compliance Function in accordance with their roles, responsibilities and competencies;

- Third-level controls, carried out by the Internal Audit Function, are aimed at identifying violations of the procedures and of the regulations, as well as periodically evaluating the adequacy, operations and reliability of the Internal Control System, providing company management and the Supervisory Authorities with an annual assessment of its suitability.

The Internal Control System governance model

The Group's Internal Control System, while engaging the entire corporate organisation and every hierarchical level, is structured around a model that entails the participation of the following bodies/functions with control responsibilities:

- A. the **Board of Directors (strategic supervisory body)**, which defines and approves the guidelines of the Internal Control System, verifying that it is consistent with the strategic guidelines and the established risk appetite, and that it is capable of monitoring the evolution of corporate risks and the interaction among them;

⁴² Bank of Italy Circular 285 - Part I - Title IV - Chapter 4 (Information System) - Section II (Management, organisation and control of the information system) - Point 4 - The ICT and security risk control function.

- B. the **Risk and Sustainability Committee**, established within the Board of Directors with the task of supporting the Board of Directors in its evaluations and decisions regarding the internal control and risk management system and in approving the periodic financial and non-financial reports, with a particular focus on activities that are crucial for the Board of Directors to properly and effectively determine the RAF and risk management policies, also with a view to contributing to the sustainable success of the Bank;
- C. the **Chief Executive Officer (CEO)** in charge of establishing and maintaining the internal control and risk management system (in his/her capacity as "Director in charge of the internal control and risk management system"), assisted by the Committee for the Coordination of Functions with Control Tasks (see section 9.7);
- D. the **Board of Statutory Auditors (Control Body)**, which monitors compliance with legal, regulatory and statutory requirements and the proper administration, adequacy, functionality and reliability of the ICS and RAF;
- E. the **231 Supervisory Body**, which monitors the effectiveness of the 231 Model adopted by the Parent Company, evaluating its adequacy and ongoing compliance with soundness and functionality requirements, while also ensuring that it is updated. For more information on the duties of the 231 SB, see section 9.4;
- F. **Corporate Control Functions**. In order to ensure the proper performance of the activities carried out by the Corporate Control Functions, the Montepaschi Group has defined a series of essential requirements to be complied with, applicable to each Function, relating to: the appointment and removal of managers; independence and powers; functional separation; resources; remuneration and incentive systems; access to corporate information.

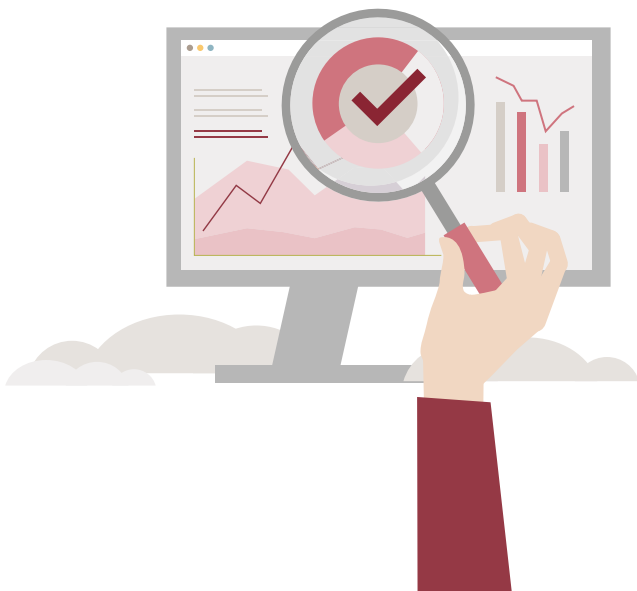
Activities in 2023

Assessment of the Internal Control and Risk Management System

At its meeting of 8 March 2023, the Board of Directors was informed of the assessments conducted by the second-level Corporate Control Functions – each for its own area of competence – on the adequacy of the Internal Control System in 2022 (Annual Risk Management Report, Annual Compliance Report, Annual Validation Report and Annual Anti-Money Laundering Report). At the same meeting, the Board approved the annual plans for the activities of the same Functions for 2023 (Risk Plan, Compliance Plan, Validation Plan and Anti-Money Laundering Plan), as required by the regulations. The planning of activities also takes into account any findings and deficiencies identified by the Supervisory Bodies (the ECB, Bank of Italy and Consob) and by the Bank's Internal Audit Function, as well as changes to national and international legislation. Periodic and regular information on Risk Management, Compliance, Internal Validation and Anti-Money Laundering is provided to the top governing bodies.

At the same meeting, the Board also reviewed the Internal Audit Function's assessment of the adequacy of the internal control system in 2022, as well as the Risk and Sustainability Committee's considerations in this regard.

At its meeting of 20 February 2023, the Board of Directors also approved the Internal Audit activity plan for the third and final year of the 2021-2023 multi-year audit cycle, which, from a risk-based perspective, focuses audit activities on the areas of greatest interest to the Company, ensuring the planned risk coverage as deemed appropriate by the same Board of Directors.



The **Group's Internal Control System** is structured around a model in which the **Board of Directors**, the **Risk and Sustainability Committee**, the **Chief Executive Officer/CEO**, the **Board of Statutory Auditors**, the **231 Supervisory Body** and the **Corporate Control Functions** are involved in the **control tasks**.

9.1 Chief Executive Officer (Director in charge of the internal control and risk management system)

The Board of Directors has appointed the Chief Executive Officer *pro tempore* as the 'Director in charge of the internal control and risk management system', who is responsible for establishing and maintaining an effective internal control and risk management system.

As part of this responsibility, the CEO:

- oversees the identification of the main corporate risks, taking into account the characteristics of the activities carried out by the Bank and its subsidiaries, and submits them periodically to the Board of Directors for review;
- implements the guidelines defined by the Board of Directors, overseeing the design, deployment and management of the internal control and risk management system and constantly monitoring its adequacy and effectiveness;
- adjusts the system to changes in the operating conditions and in the legislative and regulatory landscape;
- may ask the Internal Audit Function to carry out audits on specific operating areas and on the compliance of business operations with rules and internal procedures. Such requests are simultaneously conveyed to the Chairperson of the Board of Directors, the Chairperson of the Risk and Sustainability Committee and the Chairperson of the Board of Statutory Auditors;
- reports promptly to the Risk and Sustainability Committee (and to the Board of Directors) on problems and critical issues that emerged during the performance of his or her



activity or of which he or she nevertheless has information so that the Committee (or the Board) may take the appropriate action.

Activities in 2023

In 2023, in his capacity as Director responsible for the internal control and risk management system, the CEO exercised his prerogatives by identifying the main corporate risks, implementing the guidelines established by the Board of Directors regarding the Internal Control and risk management system and following the development of operating conditions as well as the relevant legislative and regulatory framework, in constant liaison with the other corporate bodies and structural units involved and on the basis of the information flows established within the scope of the Internal Control and risk management system and those, in particular, from the

Committee for the Coordination of Functions with Control Tasks⁴³ (annual plans and reports, inspections on the adequacy and effectiveness of the internal control and risk management system; ongoing monitoring – also through discussions with the Management Committee⁴⁴ – of the mitigation activities identified for the management of gaps that emerged from the inspections carried out by the supervisory bodies, whether internal to the Bank or external, as well as the findings from the controls requested and/or received, meetings with the 231 Supervisory Body).

In these activities, the CEO is assisted by the "CEO and Regulatory Affairs Staff Unit", which performs technical and specialist tasks in this area and acts as the Secretariat of the Committee for the Coordination of Functions with Control Tasks, in addition to which it performs the following functions: (i) centralised management of relations with the Supervisory Authorities as part of the Single Supervisory Mechanism and the Single Resolution Mechanism (SRM) – without prejudice to the relations between the Corporate Control Functions and the same Supervisory Authorities for their respective areas of responsibility; (ii) monitoring the execution of the Group's Restructuring Plan; (iii) shared management and coordination of the remedial actions identified by the Supervisory Authorities during their inspections; iv) supervision and monitoring of the main lines of development of the European regulatory framework.

⁴³ For the functions carried out by the Committee, please see Section 9.7.

⁴⁴ The Management Committee is divided into four sessions (Ordinary, Budget and Business Planning, Stress/Crisis Governance, ESG and Sustainability) and is composed of the CEO/General Manager and the Bank's Top Management, as identified in Regulation no. 1 – Organisation of Banca MPS, according to the nature of the session convened and the topics to be addressed.

9.2 Risk And Sustainability Committee

At its meeting of 20 April 2023, the Board of Directors set up the Risk and Sustainability Committee, composed of five directors, to carry out the functions assigned to it by the By-Laws, the applicable Supervisory Provisions on the Corporate Governance of Banks and the Corporate Governance Code, as detailed in its internal Regulation. Accounting, financial and risk management skills are adequately represented on the Committee.

Composition and operations of the Risk and Sustainability Committee (as per Article 123-bis, paragraph 2, letter d) of the TUF

Members in office until 20 April 2023	Office	List M/m (1)	Non-executive	Meetings (2)
Giorgino Marco (*)	Chairperson	m	X	6/6
Castellano Rosella (*)	Member	M	X	6/6
D'Ecclesia Rita Laura (*)	Member	M	X	6/6
Di Raimo Raffaele (*)	Member	M	X	6/6
Di Stefano Stefano	Member	n.a.	X	6/6
Directors who resigned during the period				

//

(*) Director who meets the independence requirements established by Article 15 of the By-Laws: independence requirements established by Article 147-ter and Article 148, paragraph 3 of the TUF, Article 13 of MEF Decree no. 169/2020 and Article 2 of the Corporate Governance Code.

(1) Director elected from the majority list ("M") or minority list ("m").

(2) Number of Committee meetings (out of the total number held) attended by the director.

Members in office since 20 April 2023	Office	List M/m (1)	Non-executive	Meetings (2)
Barzaghi Alessandra Giuseppina (*) (3)	Chairperson	m	X	12/12
Di Stefano Stefano	Member	M	X	11/12
Lombardi Domenico (*)	Member	M	X	12/12
Lucantoni Paola (*)	Member	M	X	11/12
Martiniello Laura (*) (4)	Member	M	X	1/1
Componenti cessati durante l'esercizio				
Giorgino Marco (*) (5)	Chairperson	m	X	10/10

(*) Director who meets the independence requirements established by Article 15 of the By-Laws: independence requirements established by Article 147-ter and Article 148, paragraph 3 of the TUF, Article 13 of MEF Decree no. 169/2020 and Article 2 of the Corporate Governance Code.

(1) Director elected from the majority list ("M") or minority list ("m").

(2) Number of Committee meetings (out of the total number held) attended by the director.

(3) Appointed Committee Chairperson on 14 December 2023.

(4) Appointed Committee member on 14 December 2023.

(5) Director and Committee Chairperson, resigned on 13 November 2023.

Participating in the work of the Committee

The Chairperson of the Board of Statutory Auditors or another auditor designated by him/her participates in the work of the Committee on a permanent basis. The other auditors may also participate. The Committee and the Board of Statutory Auditors exchange all information of mutual interest and, where appropriate, coordinate their work.

The Chairperson of the Board of Directors has a permanent invitation to attend the Committee meetings; other members of the Board, including the Chairpersons of the other Board Committees may attend the Committee's meetings at the express request of the Chairperson of the Committee.

The CEO, General Manager and Director in charge of the Risk Management and Internal Controls System (currently the CEO) may be invited to attend the Committee's meetings where it is deemed appropriate for the issues under discussion.

The Bank's Chief Risk Officer, Chief Audit Executive and Compliance Officer are formally and regularly informed of the Committee's meeting agenda and may, at their request, attend Committee meetings at the invitation of the Chairperson; they have access to and visibility of the relevant documents for each Committee meeting and may, after informing the Chairperson, include specific items on the meeting agenda for proactive discussion within the Committee.

The Chief Financial Officer, as Head of the Bank's Sustainability Department, is regularly briefed on the agenda of the Committee's meetings on Sustainability matters and is entitled to include specific Sustainability-related items in the meeting agenda, having informed the Chairperson and the CEO.

Functions attributed to the Risk and Sustainability Committee

The Committee has access to the corporate information necessary to carry out its duties and, where appropriate, communicates directly with the Internal Audit, Risk Management and Compliance and Sustainability Functions.

It may also engage external consultants when needed, within the limits of the financial resources allocated by the Bank in a specific budget to ensure the Committee's operational independence.

The Committee supports the Board of Directors so that the Board of Directors can:

- (i) define the guidelines of the Internal Control and risk governance System, assess its adequacy, effectiveness and actual effectiveness, and approve the policies and processes for evaluating the company's activities;
- (ii) carry out assessments and make decisions on Sustainability, analyse issues relevant to long-term value generation, assess whether periodic financial and non-financial information is suitable to correctly illustrate the business model, the Company's strategies, the impact of its activities and the performance achieved;
- (iii) approve the periodic financial and non-financial reports.

Pursuant to the Supervisory Provisions on the Internal Control System, the Committee:

- identifies and proposes – with the input of the Appointments Committee – the Managers in charge of the Corporate Control Functions to be appointed and expresses its opinion on the revocation of any such appointments;

- expresses its opinion prior to the determination of the remuneration structure of the Managers in charge of the Corporate Control Functions, and their annual allowance for this position;
- examines in advance the program of operations (including the audit plan) and the annual reports of the Corporate Control Functions addressed to the Board of Directors;
- expresses its evaluations and opinions to the Board of Directors regarding compliance with the principles of the Internal Control System and corporate organization and the requirements that must be fulfilled by the Corporate Control Functions, informing the Board of any critical areas and consequent corrective actions to be adopted; to this end, it assesses the proposals of the Chief Executive Officer and/or General Manager;
- through its assessments and opinions, contributes to the definition of the Company's policy for outsourcing Corporate Control Functions;
- verifies that the Corporate Control Functions comply with the indications and guidelines provided by the Board of Directors and assists the latter in preparing the coordination document required by the Supervisory Provisions on the Internal Control System;
- assesses the correct use of the accounting principles for the drafting of the consolidated and separate financial statements and, to this end, coordinates with the Financial Reporting Officer and the Board of Statutory Auditors.

With particular regard to the duties regarding risk management and control, the Committee will provide support to the Board of Directors in:

- defining and approving the strategic guidelines and risk governance policies. For the RAF issue, the Committee provides the recommendations and assessments required in order to allow the Board of Directors to define and approve the risk appetite and risk tolerance, as required by Supervisory Provisions on the Internal Control System;
- verifying the correct implementation of the strategies, risk governance policies and the RAF;
- evaluating and deciding on Sustainability-related matters, analysing issues relevant to long-term value generation, assessing whether the periodic financial and non-financial information is suitable to correctly represent the business model, the Company's strategies, the impact of its activities and the performance achieved;
- examining the content of periodic non-financial information relevant to the internal control and risk management system;
- defining the policies and evaluation processes for corporate operations, including verification that the price, terms and conditions governing transactions with customers are in line with the business model and risk strategies.

The Committee also expresses an opinion on the adequacy of the number of resources allocated to the Head of Internal Audit for the performance of his or her duties and on the determination of his or her remuneration in accordance with the Company's policies.

Without prejudice to the responsibilities assigned to the Remuneration Committee, the Committee ensures that the

incentives of the Bank's remuneration and incentive system are in line with the RAF.

In compliance with the requirements set out in the Corporate Governance Code, it provides its prior support and opinion to the Board of Directors on the occasions when the latter:

- reviews and approves the Bank's or Group's business plan, including an analysis of issues relevant to long-term value creation;
- defines the guidelines for the Internal Control and risk management System, so that the main risks of the Bank and its subsidiaries are correctly identified, as well as adequately measured, managed and monitored, while also determining the level of compatibility of these risks with Bank management that is coherent with the strategic objectives identified, including all the elements that can be relevant for the company's Sustainable Success;
- assesses, at least once per year, the adequacy of the Internal Control and risk management System against the characteristics of the Bank and the risk profile assumed, as well as its effectiveness;
- approves the periodic financial and non-financial statements, assessing whether they are suitable to correctly illustrate the Bank and the Group's business model, strategies, the impact of their business and the performance achieved with particular attention to aspects relevant to the internal control and risk management system as well as Sustainability;
- approves, at least annually, the work schedule prepared by the Internal Audit Function, after having received the opinion of the Board of Statutory Auditors and the

CEO/Director in charge of the internal control and risk management system;

- assigns the supervisory functions pursuant to Article 6, paragraph 1, letter b) of Legislative Decree 231/2001 to the Control Body or a body specifically set up for this purpose;
- describes the main features of the Internal Control and risk management System in the Corporate Governance Report as well as the methods of coordination between the persons involved, indicating the models and best practices applied, providing its opinion on the system's adequacy and giving an account of the choices made regarding the composition of the 231/2001 Supervisory Body referred to in the previous point;
- after hearing the Board of Statutory Auditors, it assesses the findings reported by the external auditor – also after specific discussions with the latter – in the suggestions letter, if applicable, and in the report on the main issues resulting from the audit.

Regarding Sustainability, the Committee:

- supervises Sustainability issues relating to the exercise of business and to its interactions with all stakeholders;
- assesses proposals for guidelines and strategic macro-objectives regarding Sustainability, ensuring their compliance with strategic guidelines;
- formulates proposals regarding environmental and social strategy as well as annual objectives and targets and monitors their implementation over time;
- oversees the development of Sustainability, according also to the relevant international guidelines and principles and monitors performance;

- examines and approves matters relating to Sustainability, including the approval of the "Materiality Matrix" for the Non-Financial Statement.

In supporting the Board of Directors, the Committee:

- assesses, after hearing the Financial Reporting Officer, the auditors and the Board of Statutory Auditors, the correct application of accounting standards and their consistency when preparing the consolidated financial statements;
- provides opinions on specific aspects regarding the identification of key corporate risks;
- examines the periodic reports, in compliance with applicable regulations, on the assessment of the internal control and risk management system, as well as the reports of particular relevance prepared by the Corporate Control Functions;
- monitors the autonomy, adequacy, effectiveness and efficiency of the Corporate Control Functions;
- may request the Internal Audit Function to audit specific operating areas, giving notice of this to the Chairperson of the Board of Statutory Auditors;
- reports to the Board of Directors, on a quarterly basis, with a full account of the activities carried out during the quarter.

Activities in 2023

In 2023, as part of its support and assistance to the Board of Directors, the Committee made proposals and/or provided advice on: (i) the regular information flows prepared by the Corporate Control Functions (Internal Audit, Risk Control, Compliance, Anti-Money Laundering and Validation) on

The **Risk and Sustainability Committee** supports the Board of Directors in **defining the guidelines** of the **Internal Control and risk management System**, in assessing its adequacy, efficiency and effectiveness, and in making **assessments and decisions** on **Sustainability matters**.

the activities carried out, the annual activity plans and organisational changes in the aforementioned functions; and (ii) communications from the Chief Financial Officer's Division (Funding Plan, Contingency Funding Plan for the Group, etc.).

The Committee also carried out its duties, in particular with regard to:

- analysis of the Bank's major strategic projects;
- Sustainability and initiatives included in the 2022-2026 Business Plan: Sustainability plan and related project structure (so-called ESG programme); ESG (Environmental Social Governance) developments, Net Zero Banking Alliance target setting; issuance and/or updating of Group policies and guidelines on risk management, governance, ESG and Sustainability, etc.;
- review of the Consolidated Non-Financial Statement and the materiality matrix;
- Group Risk Appetite Statement, RAF, SREP⁴⁵, MREL⁴⁶; Legal Risk Report; Legal Risk Accounting Methodologies; IT and Information Security Strategic Planning Guidelines; IT Risk and Security Incident Report; Budget Guidelines and Macroeconomic Scenarios; Capital Plan;
- lending policies, loan book monitoring and early warning system;

⁴⁵ Supervisory Review Evaluation Process - Evaluation Process - a review and evaluation process, governed by the CRD and Circular 285, conducted on banks on an annual basis by the competent authorities (ECB and national supervisors).

⁴⁶ MREL - *Minimum Requirement for Own Funds and Eligible Liabilities* - a minimum amount of own funds and eligible liabilities that banks must prudentially hold in order to be able to absorb losses in the event of the bail-in mechanism being applied, to ensure the required Tier 1 capital for banking and to provide sufficient market confidence.

- reports prepared by the Financial Reporting Officer; meetings with the independent auditors for the approval of the financial statements and half-year report;
- annual report on outsourced corporate activities;
- report on how investment services and activities are performed;
- 2023 EBA Stress Test; climate-environmental risks: ECB thematic review and stress test;
- meetings with the 231/2001 Supervisory Body;
- analysis, investigations and monitoring exercises concerning assessments, requests and reports made by the Supervisory Authorities (ECB, Bank of Italy, Consob, etc.);
- Business Continuity and Business Continuity Plan; Report on the adequacy of the Business Continuity Management System, Business Continuity Management testing Plan;
- alignment with BRRD (*Bank Recovery and Resolution Directive*⁴⁷).

The Committee also provided the Board with a quarterly update on the activities carried out.

Once approved, the minutes of the Committee's meetings are made available to the Board of Directors and the Board of Statutory Auditors through a secure process.

⁴⁷ Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014, which introduced harmonised rules for the prevention and management of crises of banks and investment firms in all European countries, a directive implemented in Italy by Legislative Decrees nos. 180 and 181 of 16 November 2015.

Meetings in 2023

In 2023, the Committee held a total of 18 meetings with an average duration of approximately 4 hours and thirty minutes. The minutes of the meeting were duly recorded by the Secretary. A schedule of meetings has been drawn up for 2024, to be held at the invitation of the Chairperson whenever there is a need to discuss matters within the Committee's remit.

At the date of this Report, the Committee has held a total of 3 meetings.

9.3 Corporate Control Functions

Internal Audit Function

The appointment and dismissal of the Head of Internal Audit is the sole responsibility of the Board of Directors.

As of 2021, the Manager in charge of the Internal Audit Function, i.e. the Bank's Chief Audit Executive, is **Mr. Massimiliano Bosio**.

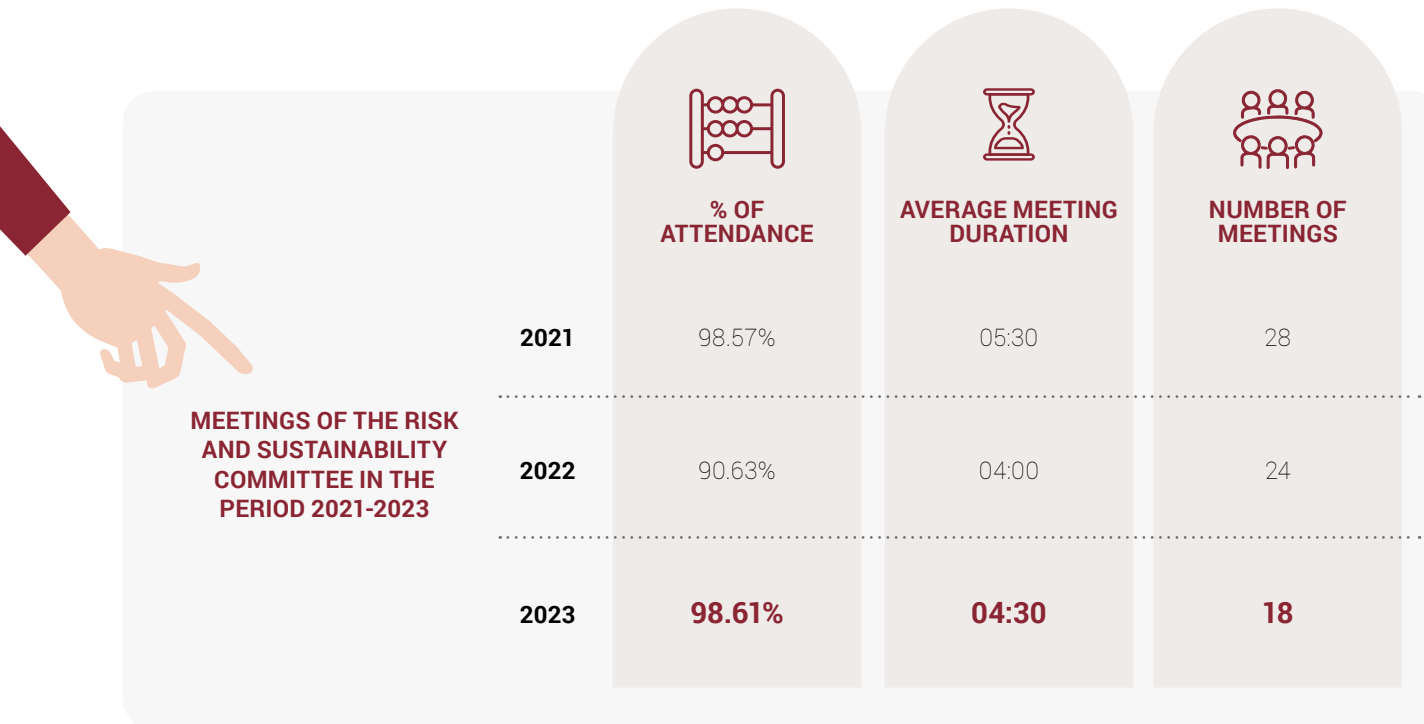
The Chief Audit Executive reports to the Board of Directors, has direct access to all information relevant for the performance of his duties and is not responsible for any operational unit.

The autonomy and impartiality of the Internal Audit Function are ensured through relational mechanisms with the corporate bodies. The independence requirements are ensured through organisational positioning that avoids hierarchical dependence and/or influence (conditioning) from any operational unit manager.

The Internal Audit Function has dedicated financial resources to carry out its tasks.

The Chief Audit Executive regularly attends the meetings of the Board of Statutory Auditors, the Risk and Sustainability Committee and the Board of Directors, interacting with these bodies on an ongoing basis.

All components of the Internal Control System are subject to an internal audit aimed at assessing their adequacy, functionality and coherence with the Group's organisational evolution and the external legislative framework. The approach is primarily risk-based.



The activities of the Internal Audit Function, which are defined in the annual audit plan based on a regularly updated Risk Control Self-Assessment, are framed within a broader three-year audit plan (audit cycle).

This plan is presented to the Board of Directors for approval and serves as the framework through which the Internal Audit Function defines its audit universe coverage objectives from a risk-based perspective.

If anomalies arise from its activities, the Internal Audit Function ensures prompt communication and handling by the relevant structures, monitoring the methods/timelines of management and mitigation.

In order to strengthen the overall supervision of the Group's control system, the Parent Company's Internal Audit Function also carries out centralised auditing activities for Banca Widiba and Monte Paschi Fiduciaria, two of the Group's main companies⁴⁸, and periodically informs the corporate bodies of the Parent Company and of the Italian subsidiaries that have centralised the Internal Audit function of the results of its activities and the status of any follow-up actions; it also submits the necessary reports to the Supervisory Authorities, as required by supervisory regulations.

In performing its duties, the Internal Audit Function, which has access to all company information and outsourced activities, complies with the provisions of the international standards of the profession, as set out in the Audit Methodological and Operational Manual, the Audit Mandate and the relevant Code

⁴⁸ The merger of the two Group banks, MPS Capital Services Banca per le Imprese S.p.A. and MPS Leasing & Factoring S.p.A., into BMPS was completed in 2023.

The **activities** of the **Internal Audit Function** are framed within a broader **three-year audit plan** (audit cycle)

of Ethics of the Internal Audit Function. In accordance with the requirements of these standards, the Internal Audit Function undergoes an external evaluation by a qualified firm at least once every five years to certify the quality of its internal audit services.

The Internal Audit Function promotes the professional development of its resources, also through the acquisition of appropriate professional certifications and qualifications, favouring the Certified Internal Auditor CIA, issued by the Italian Association of Internal Auditors and internationally recognised for the profession of internal auditor.

Risk Control Function

The appointment and dismissal of the Head of the Risk Control Function is the sole responsibility of the Board of Directors.

The Parent Company's Risk Control Function has a hierarchical reporting line to the strategic supervisory body (the Board of

The **Internal Audit Function** promotes the **professional development** of its resources, also through the acquisition of appropriate **professional certifications** and **qualifications**.

Directors) and a functional reporting line to the Chief Executive Officer.

In March 2018, the Bank's Board of Directors resolved to assign responsibility for the Risk Control Function to **Mr. Leonardo Bellucci**, who was appointed Chief Risk Officer. In 2023, in accordance with the updates introduced by MEF Decree no. 169/2020 and the related process for assessing the requirements set out in the relevant corporate regulations ("*Directive on the management of regulatory compliance for assessing eligibility requirements*"), the Board of Directors, assisted by the Appointments Committee, verified the requirements of integrity, fairness and competence of the Chief Risk Officer, as provided for by Article 20 of the same Decree.

The Chief Risk Officer regularly attends the meetings of the Board of Statutory Auditors, the Risk and Sustainability Committee and the Board of Directors, interacting with these bodies on an ongoing basis.

The Risk Control Function participates in the definition of the RAF and is involved in the risk governance policies (constantly reviewing their adequacy) and the various phases that make up the risk management process, as well as in the setting of operational limits for the assumption of various types of risk.

More specifically, the Risk Control Function:

- constantly verifies the adequacy and effectiveness of the risk identification, measurement and management process;
- develops integrated risk analysis and monitoring methods by planning and implementing the operational measurement system and supporting the Supervisory

Authority in overseeing regulatory measurement, setting appropriate mitigation measures accordingly, and verifying their effectiveness and adequacy;

- ensures the consistency of the risk measurement and control systems with the processes and methods of evaluation of company activities, coordinating with the company structures concerned;
- constantly monitors the actual risk assumed by the Bank and its consistency with the risk objectives assumed through the Risk Appetite Statement, as well as compliance with the operating limits deriving therefrom, assigned to the operating units in relation to the assumption of the various types of risk;
- verifies the correct monitoring of the trend in individual credit exposures;
- collaborates in the preparation, drafting and monitoring of the Recovery Plan;
- defines, coordinates and prepares risk reporting information for the corporate boards and Top Management;
- participates in the process of analysing the risks of new products and services and those resulting from the entry into new operating and market segments.

With reference to the RAF and the ICAAP and ILAAP processes, the Risk Control Function has the task of:

- defining the risk appetite, as well as the related tolerance and capacity thresholds to be proposed to the Board;
- formulating consistent risk limits to be assigned to the risk-taking operational units, subject to approval by the Chief

Executive Officer/General Manager;

- determining the Group's risk profile and its positioning against the established thresholds, by measuring risks and comparing them with the respective limits and tolerance and capacity thresholds;
- carrying out an independent assessment – with respect to regulatory requirements – of the capital adequacy within the scope of the ICAAP process and the adequacy of the liquidity profile within the scope of the ILAAP process;
- submitting – in collaboration with the Planning Function – the proposed Risk Appetite Statement to the Board of Directors;
- monitoring performance, activating the relevant escalation processes, carrying out an annual check of the framework's overall effectiveness through appropriate Risk Appetite Monitoring (RAM) and Risk Appetite Review (RAR) processes;
- defining common operating risk evaluation metrics in line with the RAF, coordinating with the Compliance Function, ICT Function and the Lack of Business Continuity Risk Control Function (BCM);
- providing a prior opinion on the compliance of major transactions with the RAF and, depending on the nature of the transaction, may seek the opinion of other Functions involved in the risk management process.

The Risk Control Function is also required to present the corporate bodies with the 'Annual Group Risk Management Report' containing the results of the activities carried out during the previous financial year. The report is also sent to the Supervisory Authorities.

Taking into account the complexity and scope of the activities carried out, the Parent Company's Risk Control Function is organised into specialist structures/units, reporting directly to the Manager in charge of the function, in order to perform its tasks in an efficient and effective manner.

The Group has opted for a mixed Risk Control Function, based on the following:

- centralised model for the Italian subsidiaries, identified according to principles of proportionality in relation to their complexity; to this end, the Group avails itself of a Local Representative who has a functional reporting line to the corresponding Parent Corporate Function, guaranteeing support whenever necessary;
- for the foreign subsidiary (Monte Paschi Banque S.A.), there is a specific Risk Control Function which has a functional reporting line to the Parent Company Risk Control Function. In order to ensure the management and coordination of the parent company's activities, the Risk Control Function of the Parent Company is involved in the definition and monitoring of the objectives assigned to the corresponding function of the foreign subsidiary, subject to the constraints of local regulations. The hierarchical positioning of the Risk Control Function is formalised in the individual company regulations;
- for the foreign branches⁴⁹ there is a local Risk Control Function which has a functional reporting line to the Parent Company Risk Control Function.

Compliance Function

The appointment and dismissal of the Head of the Compliance Function is the sole responsibility of the Board of Directors.

In October 2018, the Board of Directors appointed **Mr. Ettore Carneade** as Chief Compliance Executive or Compliance Officer. In 2023, in accordance with the updates introduced by MEF Decree no. 169/2020 and the related process for assessing the requirements set out in the relevant corporate regulations (*"Directive on the management regulatory compliance for assessing eligibility requirements"*), the Board of Directors, assisted by the Appointments Committee, verified the requirements of integrity, fairness and competence of the Chief Compliance Executive, as established by Article 20 of the same Decree.

At the invitation of the respective Chairpersons, the Chief Compliance Executive regularly attends the meetings of the Board of Statutory Auditors, the Risk and Sustainability Committee and the Board of Directors, maintaining continuous communication with them, without restrictions or intermediaries.

Using a risk-based approach, the Compliance Function oversees the management of the risk of non-compliance with regard to all corporate activities, checking that the internal procedures are adequate for preventing such risk, as provided by the *"Group Directive on non-compliance risk management"*. Excluded from the scope of the Compliance Function are the activities of the Internal Audit Function and those regulatory areas where the monitoring of compliance risks is ensured by another second-level corporate control function. Also excluded from the scope of the Compliance Function are all those regulatory areas for which risk control is ensured by



Control Functions established pursuant to primary legislation (231 Supervisory Body and the Financial Reporting Officer). In terms of risk control, the scope of the Compliance Function is extended to include the monitoring of internal and external regulatory compliance through the exchange of dedicated information flows and appropriate coordination mechanisms.

In light of such principles, the Compliance Function is directly responsible for managing the risk of non-compliance for all the regulations falling within the scope of activities of the Parent Company and of the Group's Italian subsidiaries subject to supervision. Exceptions are the regulatory areas "Health and Safety in the Workplace and Environmental Protection" and "Tax Compliance - FATCA/CRS", for which specific forms of specialised oversight have been identified within the Parent Company Supervisory Provisions on the Internal Control System and the individual Group Companies, in compliance with the. In these circumstances, the Compliance Function is

⁴⁹ Only the Shanghai branch as at the date of this Report.

nevertheless responsible for the overall governance process and, in collaboration with the specialised functions in charge, for defining the methods or evaluating non-compliance risk and identifying the relative procedures, which are also subject to periodic auditing, in order to assess the ability to prevent compliance risk. Special reporting mechanisms between the specialised oversight units and the Compliance Function are in place for this area.

The following are among the main duties of the Compliance Function:

- the ongoing identification of the regulations which are applicable to the bank and measurement/assessment of their impact on processes and procedures;
- governance of the different phases of the compliance risk management process;
- ongoing determination of the level of regulatory risk, regular assessments and the calculation of the residual risk to which the Group is exposed;
- proposing organisational measures and procedures the objective of which is to ensure adequate risk monitoring for non-compliance and verification of their relative effectiveness over time;
- monitoring the compliance risks which impact business processes;
- ensuring that the internal procedures adopted are adequate for preventing risk and monitoring their proper application, with the possibility of asking the other Corporate Functions to adopt or amend them;
- second-line controls on operating processes or functions for which compliance risks are deemed significant;

- ex-ante assessment of all innovative projects that the bank intends to develop in terms of their compliance with regulations, intervening also in preventing and managing conflicts of interest whether between the various activities carried out by the bank or in respect to employees and corporate officers;
- providing advice and support to the corporate bodies on matters where the risk of non-compliance is significant; collaborating in training activities relevant to the function, also with a view to promoting a corporate culture based on the principles of integrity and fairness.

This is without prejudice to the responsibilities of the Compliance Function as identified by specific regulations, such as, the rules on remuneration and incentive policies and practices, transparency of transactions, integrity of Bank-customer relations, related-party transactions, activities involving risks and conflicts of interest of related parties.

In order to manage the risk of non-compliance, the Compliance Function has established specific information flows to the corporate bodies. This includes an annual report containing the results of its activities, which is also submitted to the Supervisory Authority.

In the Parent Company, the Compliance function reports hierarchically to the Chief Executive Officer.

The Group has opted for a centralised Compliance model, which provides for the provision of regulatory compliance monitoring services to the Italian Group companies, using methods and procedures that comply with the requirements of the Supervisory Authority and are based on established guidelines and principles on outsourcing and the Internal

Control System. The centralisation of the Compliance Function to the Parent Company not only results in more effective and integrated controls but also provides for the appointment of a Local Representative, for each centralised subsidiary, who has a functional reporting line to the Parent Company's Compliance Function. The foreign branches⁵⁰ have a local Compliance Function that has a hierarchical reporting line to the Parent Company's Compliance Function.

Internal Validation Function (or Validation Function)

The Internal Validation Function is required to constantly verify the alignment of the risk measurement systems with the company policies and the regulations of the Supervisory Authority. The Internal Validation Function is responsible for validating the advanced internal models of Pillar I as well as some of those of Pillar II identified year by year in the Validation Plan approved by the Board of Directors. It also has the task of preparing the required disclosure on the validated models.

As of June 2021, the Head of the Internal Validation Function is **Mr. Stefano Moni**.

In carrying out its activity, the Internal Validation Function:

- verifies the process of development of internal risk measurement models and the connected management and data quality processes, according to a special methodological framework developed for each risk subject to validation;
- coordinates the functions involved in the validation process

⁵⁰ Only the Shanghai branch as at the date of this Report.

which is targeted at assessing the accuracy of the estimates of the internal systems for the measurement of significant risks not used for regulatory purposes, and expressing a judgment on the regular functioning, predictive capacity and performance of the aforementioned internal systems, taking direct action in relation to those falling within the risk perimeter defined;

- monitors the correct functioning of the advanced internal risk measurement models, evaluates the adequacy of measures implemented to fill any gaps and puts the competent bodies into operation if significant delays are identified in the completion of the shared corrective actions;
- periodically informs the company bodies of the results of its activities and the progress status of follow-up activities;
- pre-authorises the rollout of any significant changes to models, processes and/or procedures related to validated risks;
- prepares an annual validation report summarising the results of the activities carried out, as well as specific validation reports on risks with the advanced internal model.

Although the Internal Validation Function reports hierarchically to the Parent Company's Risk Control Function, its autonomy and independence are ensured by mechanisms that facilitate relationships and functional links with the Corporate Bodies having strategic supervision, management and control functions.

For risks included within the scope of validation, the Group opts for a centralised internal validation model implemented

in accordance with the outsourcing contracts. To this end, the Internal Validation Function avails itself of Local Representative who guarantee support whenever necessary.

Anti-money Laundering Function

The appointment and dismissal of the Head of the Anti-Money Laundering Function is the sole responsibility of the Board of Directors.

The responsibility for the Function is assigned to the Chief Risk Officer (CRO), who has a hierarchical reporting line to the Board of Directors, thereby ensuring the required independence of the function.

The Head of the Anti-Money Laundering Function is a natural person who possesses the appropriate independence, competence, professional (suitability for the position, experience) and reputational requirements and must have the necessary time to perform his/her duties effectively. In 2023, in accordance with the updates introduced by MEF Decree no. 169/2020 and the related process for assessing the requirements set out in the relevant corporate regulations ("Directive on the management regulatory compliance for assessing eligibility requirements"), the Board of Directors, assisted by the Appointments Committee, verified the requirements of integrity, fairness and competence of the Head of the Anti-Money Laundering Function, as established by Article 20 of the same Decree.

The Anti-Money Laundering Function (both of the Parent Company and the individual Companies) is an independent entity and is equipped with resources that are both qualitatively and quantitatively suitable for the tasks to be performed. It

reports any significant breaches or deficiencies to the top corporate bodies on and has access to all activities of the Group companies, as well as to all information relevant for the performance of its duties.

The Bank's Anti-Money Laundering Function is responsible for preventing and combating money laundering and terrorist financing, and for coordinating the management of this issue at Group level.

After assessment by the Board of Statutory Auditors and the Risk and Sustainability Committee, the Group has adopted a centralized model for the Group's Italian subsidiaries and a



decentralized model for the foreign branches⁵¹ and the foreign subsidiary⁵². The decentralized model provides for the presence of a specific Anti-Money Laundering Function at the foreign subsidiary and at the foreign branches. The Functions are free from hierarchical relationships with the managers in charge of the operational units and have a functional reporting line to the Anti-Money Laundering Department of the Parent Company.

In view of the centralised model adopted at Group level, the Bank's Head of Anti-Money Laundering is also designated as Head of the Group Anti-Money Laundering Function and works with the Heads of the Anti-Money Laundering Functions and the internal counterparts of the Group companies, including those abroad, to ensure that they perform their duties in a coordinated manner and in accordance with policies and procedures consistent with those of the Group.

The Anti-Money Laundering Function:

- identifies the relevant applicable regulations and assess their impact on the internal processes and procedures;
- collaborates in determining the policies governing the risk of money laundering as well as the various stages of this risk management process;
- collaborates in determining the system of internal controls and procedures aimed at preventing and countering the money laundering risks;
- verifies on an ongoing basis the adequacy of the money-laundering risk management process as well as the

suitability of the system of internal controls and procedures and propose organisational and procedural changes to ensure adequate monitoring of money-laundering risks;

- in liaison with the manager in charge of suspicious transactions reporting, conducts checks on the effectiveness of the reporting process and the suitability of the assessments made on customer operations by the first level controls;
- verifies the reliability and adequacy of the information system and pays particular attention to the adequacy of the systems and internal procedures for fulfilling customer due diligence obligations and storing the relative data; for the identification, assessment and reporting of suspicious transactions, the successful detection of other situations subject to mandatory reporting and appropriate storage of the relative documentation and evidences required by regulations;
- in liaison with the other corporate functions, conducts the annual self-assessment of money laundering risks to which the recipient is exposed;
- provides support and assistance to the corporate bodies and top management;
- makes a prior assessment of money laundering risks associated with (i) the offer of new products and services, (ii) significant changes to existing products or services, (iii) the entry into a new market or commencement of new activities, and recommends the necessary measures to mitigate and manage these risks⁵³;

- oversees, in cooperation with the other corporate functions responsible for training, the development of an appropriate training plan for the continuous development of employees and collaborators, as well as effectiveness indicators for the training activities carried out;
- regularly updates the corporate bodies on the progress of the corrective measures taken in response to the control deficiencies identified, as well as any potential inadequacies in the human and technical resources allocated to the Anti-Money Laundering Function and the need to strengthen them;
- draws up and provide General Management and the Board of Directors with a document that details the responsibilities, duties and operating procedures for managing the risk of money laundering. The document (set out in the Policy and in the specific Directive on the subject) is constantly updated and is available and easily accessible to all employees;
- prepares the information for the corporate boards and Top Management, promptly informing them of any significant violations or shortcomings found;
- provides an opinion⁵⁴ prior to initiating, continuing or maintaining an ongoing relationship with Politically Exposed Persons or Corresponding Entities of third countries, for which it is necessary to obtain specific authorisation from the General Manager or one of his Delegates. Delegates pursuant to Article 25 of Legislative Decree 231/07, who are

⁵¹ Only the Shanghai branch as at the date of this Report.

⁵² Monte Paschi Banque S.A. as at the date of this Report.

⁵³ The offer of new products or services and the initiation of new transactions that may affect the recipient's exposure to the risk of money laundering is supported by appropriate safeguards and measures to mitigate this risk.

⁵⁴ If, in the absence of delegation pursuant to Article 25 of Legislative Decree 231/2007, the General Manager decides not to follow the opinion of the Anti-Money Laundering Function, he/she must formalise and justify the decision and indicate the measures that will be taken to mitigate the reported risks.

part of the Anti-Money Laundering Function, are included in the enhanced due diligence process;

- at least once a year, provides the corporate bodies with a report on the initiatives undertaken, the failures identified, the consequent remedial actions to be taken and personnel training activities. The report also includes the results of the self-assessment exercise conducted according to the guidelines provided by the Supervisory Authority;
- carries out enhanced due diligence in cases where, due to objective, environmental or subjective circumstances, the risk of money laundering is especially high;
- transmits the aggregate data concerning the recipient's overall operations and the objective reports regarding transactions at risk of money laundering to the Financial Information Unit (FIU) on a monthly basis;
- in agreement with the manager in charge of suspicious transactions reporting, defines procedures for the management of internal reports (from the so-called "First Level") on particularly high-risk situations to be treated with due urgency;
- in conjunction with the Internal Audit Function, carry out on-site inspections on a sample basis in order to check the effectiveness and efficiency of the procedures in place and identify any critical areas. These inspections are carried out on the basis of a specific work plan drawn up once a year and submitted to the corporate bodies;
- cooperates, in its capacity as a specialist anti-money laundering company unit, with the Authorities referred to in Title I, Chapter II of Legislative Decree no. 231/2007.

9.4 Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001

The organisational model adopted by the Bank and by Group company for the prevention of risks pursuant to Italian Legislative Decree 231/2001 (or "**231 Decree**" or "**Decree**") contains the ethical and operating rules aimed at preventing the significant offences pursuant to the aforementioned Decree (the so-called "predicate offences"). It is updated periodically, or on an event-by-event basis when pre-established cases of necessity occur, such as the detection of the model's inability to prevent the offences pursuant to Legislative Decree no. 231/2001, strategic changes or changes with a significant impact within the organisational structure or processes, the addition of new offences to the scope of application of the 231 Decree, new regulations and/or legislation regarding the administrative liability of entities deemed to have a significant impact on the company's activities.

The 231 Model consists of the documents:

Group Directive for the Management of Regulatory Compliance with Italian Legislative Decree 231/2001 on administrative liability, published on the Bank's website, www.gruppomps.it – *Corporate Governance – Governance model*, at the link <https://www.gruppomps.it/static/upload/leg/legislative-decree-23101.pdf> (www.gruppomps.it/en) to which reference should be made for detailed information on the model and the types of offences it includes;

Control protocols pursuant to Article 6 of Italian Legislative Decree 231/2001;

Group Code of Ethics, published on the Bank's website at www.gruppomps.it/en - *Corporate Governance - Governance Model*;

Management of regulatory compliance with Italian Legislative Decree 231/2001 on administrative liability – MPS Group Corruption prevention rules.

In particular, the Control Protocols available on the company intranet explain, for each corporate organisational unit, the predicate offences that can theoretically be committed, the control measures in place, as well as references to the relevant internal company regulations.

The Board of Directors has appointed a **231 Supervisory Body** with the task of **supervising the effectiveness** of and **compliance** with the **231 Model** and ensuring that it is kept **updated**.

231 Supervisory Body

The Board of Directors has appointed a 231 Supervisory Body with the task of supervising the effectiveness of and compliance with the 231 Model and ensuring that it is kept updated. The 231 Supervisory Body is provided with constant information in order to carry out ongoing supervision of activities with a risk committing offences pursuant to Legislative Decree 231/2001.

The 231 Supervisory Body, which is separate from the Board of Statutory Auditors, has its own internal regulations governing its duties, composition and operating procedures, and its own reporting flows with the Board of Directors, the Board of Statutory Auditors and the 231 Supervisory Bodies of the subsidiaries.

The Board of Directors considered it appropriate to establish a "mixed" 231 SB, composed of at least three members (meeting the requirements of integrity, independence and professionalism), which include two external professional and a member of the Board of Directors who meets the independence requirements.

As at the date of this Report, the 231 Supervisory Body consists of the following members:

Members	Office	Qualification
Guglielmetti Romina	Coordinator	External professional
Fabris de Fabris Paolo (*) (1)	Member	Member of the Board of Directors
Tognozzi Gianluca	Member	External professional

(*) Director who meets the independence requirements established by Article 15 of the By-Laws: independence requirements established by Article 147-ter and Article 148, paragraph 3 of the TUF, Article 13 of MEF Decree no. 169/2020 and Article 2 of the Corporate Governance Code.

(1) With effect from 8 May 2023, the Director Paolo Fabris de Fabris replaced Director Nicola Maione (appointed Chairperson of the Board of Directors).

In exercising its functions, the 231 Supervisory Body is guided by the principles of independence, autonomy and continuity; it has autonomous powers of initiative and control, including the power to request and acquire information from every level and operational sector of the Bank, making use of the relevant Bank functions. In exercising its independent powers of initiative and control, it avails itself of specialised tools and techniques in order to be able to perform the activities for which it is responsible, using also internal and/or external specialised collaborations.



Each year, the Board of Directors provides the 231 Supervisory Board with the financial resources it requires in order to acquire the services and consulting needed for the discharge of its institutional duties.

It is the recipient of the information which must be reported under the 231 Model, particularly regarding the communication of information on the perpetration or attempted perpetration – in the interest or to the advantage of the Bank – of the offences set out in Legislative Decree no. 231/2001, as well as any violations of the rules of conduct laid down in the 231 Model and in the Code of Ethics. To protect its full autonomy and confidentiality, reports may be made directly to the 231 Supervisory Body through a variety of channels, including electronic, as indicated in the corporate website of the Parent Company and of all the other Group companies.

In carrying out its duties **with respect to the 231 Model, the 231 Supervisory Body:**

- assesses the adequacy of the Model, that is, its essential capacity to prevent conducts which do not comply with the law;
- monitors the effectiveness of the Model, verifying coherence between the actual conduct and the Model, and reports any violations to the Board and the Board of Statutory Auditors;
- analyses the Model's ongoing reliability and efficiency, with specific reference to organisational changes and newly emerging risks;
- updates the Model, presenting its proposals for amendments to the Board and verifying the implementation and effectiveness of the solutions adopted;
- promotes initiatives to increase awareness and comprehension of the Model by all Bank staff and plans and monitors the relevant training activities following any amendments and/or supplements to the 231 Decree.

Moreover:

- on a yearly basis, it prepares a plan of assessments to be conducted with the support of the Bank's internal control functions, informing both the Board of Directors and the Board of Statutory Auditors;
- it reports to the Board of Directors on the activities carried out in good time for examination of the documentation at the time of the approval of the Bank's financial statements and half-yearly financial report;
- considering that each Group company has its own specific 231 Model and its own 231 Supervisory Body, it provides guidance for the implementation and updating of the 231 Model company and coordinates the relevant 231 Supervisory Bodies.

The **231 Supervisory Body** is guided by the **principles of independence, autonomy and continuity**; it has autonomous powers of initiative and control.

9.5 Independent Auditors

The firm PricewaterhouseCoopers S.p.A. (the "**Independent Auditor**") has been appointed to carry out the statutory audit of the Bank's accounts for the period 2020-2028.

The task and the related remuneration were assigned by the Shareholders' Meeting of 11 April 2019, on the basis of a reasoned proposal by the Board of Statutory Auditors, in accordance with Article 13 of the By-Laws and the Consolidated Law on the Statutory Audit of Accounts.

The Independent Auditor liaises with the Financial Reporting Officer in order to maintain an ongoing dialogue and exchange information on the administrative and accounting procedures and on the "Financial reporting process"⁵⁵, as well as with the corporate bodies and Board Committees, in accordance with the applicable provisions in force.

Once a year, the Independent Auditor issues an opinion in a specific report on the annual financial statements as at 31 December and on the interim financial statements as at 30 June. During the financial year, it also checks that the Company's accounts have been kept properly and that transactions have been correctly recorded in the accounts.

The audit report on the financial statements includes the key aspects of the audit, i.e. those aspects which, in the auditor's professional judgement, are considered to be the most important in the context of the audit.

⁵⁵ See Section 9.6 "Financial Reporting Process – Main features of the risk management and internal control system pursuant to Article 123-bis, paragraph 2, letter b) of the TUF".

The **audit report on the financial statements** includes the **key aspects of the audit**, i.e. those aspects which, in the auditor's professional judgement, are considered to be the most important in the context of the audit.

The audit report also expresses an opinion on the consistency of the management report with the financial statements and on certain specific information contained in the Report on Corporate Governance and the Shareholding Structure and its compliance with legal requirements.

The finding presented by the Independent Auditor in the additional report as per Article 11 of European Regulation n. 537/2014, addressed to the Board of Statutory Auditors along with any recommendations, are sent to the Board of Directors for appropriate evaluation, with the prior opinion of the Risk and Sustainability Committee.

9.6 Financial reporting officer and other corporate roles and Functions

As established by the Bank's By-Laws in compliance with the Article 154-bis of the TUF, the Board of Directors, upon the proposal of the General Manager and the mandatory opinion of the Board of Statutory Auditors, has appointed a Financial Reporting Officer, selected from among the company managers with proven accounting and finance experience, conferring upon this person appropriate powers and instruments for the exercise of the duties attributed to him/her pursuant to the law.

The Financial Reporting Officer prepares appropriate accounting administrative procedures for the drawing up of the financial statements and declares, with a special report (pursuant to Article 81-ter of the CONSOB Issuer Regulation) attached to the financial statements and the consolidated financial statements:

- the adequacy of the internal control system, in relation to the administrative and accounting procedures and their actual application during the period to which the accounting documents refer;
- compliance with the applicable international accounting standards recognised by the European Union pursuant to EC Regulation no.1606/2002 of the European Parliament and the Council dated 19 July 2002;
- that they correspond to the book and accounting entries and that they provide a true and accurate representation of the equity, economic and financial position of the Bank;
- that the management report includes a reliable analysis

of operational performance and results together with a description of the main risks and uncertainties to which the Bank and the business included in the consolidation are exposed.

The declaration is provided together with the Board of Directors, which normally delegates one of its members (usually the Chief Executive Officer).

For the documents, communications and accounting disclosures (including interim) disclosed to the market, this Financial Reporting Officer also prepares a declaration confirming correspondence of the disclosures with the accounting records, the accounting books and the documents.

In implementation of the provisions of the law, the Board of Directors has also approved, through a specific Directive, **an internal model for the evaluation of the adequacy of the internal control system for administration and accounting and the verification of its effectiveness**; this model takes as a reference the main frameworks at the international level (COBIT and CoSo Reports).

In accordance with the model provided for in this Directive and for the purposes set out above, the Financial Reporting Officer has been vested with the organisational and management powers necessary for the performance of the tasks assigned to him on the basis of the regulations in force and the By-Laws.

In particular, the Financial Reporting Officer has free and direct access to all the information necessary for the preparation of the accounting data, without the need for any authorisation; he supervises the Company's procedures that have an impact on the economic, equity and financial situation of the Group,

and may request binding changes in the event of criticality. In order to exercise the powers conferred on him, the Chief Financial Officer is authorised to organise an appropriate support structure within his area of activity and to prepare a specific dedicated budget, informing the Board of Directors through the ordinary human resources and finance management procedures.

The Board of Directors monitors the adequacy of the powers and resources vested in the Financial Reporting Officer for the performance of the duties laid down by law and, if it considers that they are not sufficient for the performance of those duties or are not effective, it must ensure that they are supplemented and/or made effective; the Financial Reporting Officer reports periodically to the Board of Directors on this matter.

The appointment of the current Financial Reporting Officer, **Mr. Nicola Massimo Clarelli**, Head of the Bank's Administration and Accounts, was approved by the Board of Directors in November 2016.

The *Curriculum Vitae* of the Financial Reporting Officer highlights a professional profile highly specialised in accounting and financial reporting, with skills and experience commensurate with the complexity of the position held: He graduated with honours from the University of Naples with a Business Administration Degree. From 1998 to 2003, he was supervisor in the Auditing area of Arthur Andersen S.p.A. - Financial Services Industry, where he headed multi-disciplinary teams in the auditing of corporate and consolidated financial statements of major banking groups.

From 2003 to 2011, he was senior manager at Deloitte Consulting - Strategy & Operations. He has been a chartered

accountant and auditor since 2006. Mr. Clarelli joined BMPS in 2011 as Head of Budget & Accounting, responsible for the preparation of the Bank's standalone and consolidated financial statements. In 2015 he was appointed Head of the Administration and Accounts Area.

In 2023, in accordance with the updates introduced by MEF Decree no. 169/2020 and the related process for assessing the requirements set out in the relevant corporate regulations ("Directive on the management of regulatory compliance for assessing eligibility requirements"), the Board of Directors, assisted by the Appointments Committee, verified the requirements of integrity, fairness and competence of the Financial Reporting Officer, as provided for by Article 20 of the same Decree.

The Financial Reporting Officer has issued the confirmations and declarations required, while maintaining, as part of his own activity, all those contacts and relations with other external and internal control body, such as the Board of Statutory Auditors, the Independent Auditors, the Supervisory Authorities, the Risk and Sustainability Committee, the Committee for the coordination of functions with control tasks and the Chief Audit Executive Division.

Financial Reporting Process – Main features of the risk management and internal control system pursuant to Article 123-bis, paragraph 2, letter b) of the TUF

The Montepaschi Group's financial reporting **process**, which is integrated into the overall Internal Control and Risk Management

System, aims to ensure the credibility⁵⁶, accuracy⁵⁷, reliability⁵⁸ and timeliness⁵⁹ of financial reporting and thus enhances the governance of controls.

The methodological model for overseeing the risk of reliability of the financial disclosure of the Montepaschi Group is set forth within the "Group Directive regarding management of compliance with the provisions for Law 262/2005 (Savings Law)" and was developed in accordance with the "CoSo Framework" and "COBIT Framework" methodologies, for the IT component, both of which are generally accepted references internationally.

Description of the main features of the existing risk management and internal control system in relation to the financial reporting process

The Montepaschi Group is required to apply the provisions of Law 262/2005, in the dual context of BMPS' individual financial statements and the Group's consolidated financial statements. With this in mind, the Group companies have implemented the regulations and guidelines issued by the Parent Company and

⁵⁶ **Credibility** (of information): information which is correct and compliant with the generally accepted accounting principles and has the requirements demanded by applicable laws and regulations.

⁵⁷ **Accuracy** (of information): Information that is neutral and precise. Information is considered neutral if it is free of bias aimed at influencing the decision-making process of its users in order to obtain a predetermined result.

⁵⁸ **Reliability** (of information): information that is clear and complete enough to lead to informed investment decisions by investors. Information is considered clear if it facilitates understanding of complex aspects of the company's business, without becoming excessive or superfluous.

⁵⁹ **Timeliness** (of information): disclosure that meets the deadlines for its publication.

have defined the roles, responsibilities and expected conduct on their respective matters of competence.

The *Group Internal Control System Policy* defines the methods of coordination and collaboration between the functions with control tasks and the company bodies, the methods of coordination between all functions with control tasks and the flows of information between the control bodies and functions. Coordination is ensured by the role of the CEO/ Director in charge of the internal control and risk management system and the presence of the Committee for the Coordination of the Functions with Control Tasks described above, and by the coordinated and integrated management of the "areas of improvement" identified over time.

a) Stages of the existing risk management and control system in relation to the financial reporting process

The reference models indicated above and the methodological approach of the Montepaschi Group are based on two fundamental premises:

- **the existence of an adequate Internal Control System at corporate level** able to reduce the risks of error and improper conduct in terms of the accounting and financial disclosures (Entity Level Control – ELC);
- **oversight and maintenance of appropriate sensitive processes** for financial disclosures, through formalisation of the activities and the controls and verification in time of their adequacy and effective application.

The methodological approach was developed according to a succession of macro-phases of work that took place prior to releasing the certification, as better detailed below:

- identification of the "sensitive" application perimeter (companies and accounts/processes);
- assessment of the significant administrative and accounting processes⁶⁰ (*Risk & Control Assessment*⁶¹). The processes selected are assessed in terms of potential risk for financial disclosure purposes;
- evaluation of the IT System (Information Technology General Controls - ITGC). It consists of evaluating the set of rules of the technological infrastructure and IT applications supporting the administrative and accounting processes. To this end, the Montepaschi Group opted to request the ISAE 3402 Type II certification from an independent auditor for the evaluation of the design and effective operation of the IT control system;
- assessment of the effectiveness/actual application of the key controls⁶² over the reporting period carried out by the structure managed by the Financial Reporting Officer and supplemented by an ISAE 3402 Type II certifications on the administrative-accounting services governed by the Bank's Back Office Function⁶³.

⁶⁰ The significance of information is assessed in terms of the effect that its omission or misrepresentation could have on the decisions of those to whom it is disclosed in the financial statements.

⁶¹ In the Montepaschi Group, risk assessment pursuant to Italian Law 262/05 is placed in the "Integrated Multi Compliance" Area (Operating Risks; Italian Legislative Decree 231/01).

⁶² "Key" controls are those controls whose absence or inadequacy could, in itself, have a significant impact on the correct representation of the financial information.

⁶³ This includes the units that operate in the administrative-accounting area managed by the Operations Functions, as well as the Budget and Accounting organisational unit.

b) Roles and functions involved

In compliance with the rules and the control process described above, an organisational model has been adopted which involves various functions and structures required to perform specific activities and roles.

- **Control Function, Law 262/2005** supports the Financial Reporting Officer in the operating management, updating and monitoring of the compliance process of the Group, pursuant to Law 262/2005. To this end, it carries out autonomous checks in order to ascertain the effectiveness of the controls over the administrative and accounting procedures and the actual application thereof.
- **Internal Audit Function** interacts with the Financial Reporting Officer in assessing the adequacy of the internal control systems (ELC) and the oversight of the risks relating to the administrative and accounting processes. The function also provides the Financial Reporting Officer with useful information in terms of the facts that emerge, based on the activities carried out, with reference to the risks and the adequacy of the system of controls on the administrative and accounting process.
- **Organisation Function** of the Parent Company and the Group companies carry out analysis and maintain the documentation (operating regulations) for the Group processes.
- **IT Function**⁶⁴ manages, governs, coordinates and controls the correct operation of the Group's ICT systems. In order to ensure consistency with the methodologies identified by the Financial Reporting Officer (COBIT) it employs the ISAE 3402 Type II certification.

⁶⁴ Function reporting to the Chief Operating Officer.

- **Local 262 contact persons in the companies that are part of the perimeter:** contact persons identified within the Group companies involved in "262 activities" to support the Financial Reporting Officer. In particular, the local contacts are responsible for issuing a letter – addressed to the Parent Company's Financial Reporting Officer – certifying that the data transmitted to the Parent Company conform to the results of the accounting books and records.



9.7 Coordination between parties involved in the internal control and risk management system

The **Parent Company**, within the context of the Group's management and coordination activities, equips the Group with a **common system** which permits **effective control** of both the Group's **strategic decisions** as a whole and of the **management balance** of the individual components.

Within this context, the Parent Company carries out the following controls:

- **strategic**, on the evolution of the different areas of activity in which the Group operates and of the risks incumbent on the activities performed;
- **management**, aimed at ensuring that the conditions for economic, financial and capital balance are maintained by both the individual companies and the Group as a whole; to this end, the Parent Company oversees the preparation of plans, programmes and budgets (company and Group) and, through an analysis of the periodic situations, the interim accounts, the separate financial statements of the individual companies and the consolidated financial statements;
- **technical-operational**, aimed at assessing the various risk profiles contributed to the Group by the individual subsidiaries as well as the overall risks of the Group.

Within the Internal Control System of the Group, coordination of the various components is ensured by:

- the Director in charge of the internal control and risk management system (currently the CEO), who is responsible for establishing and maintaining an effective internal control and risk management system;
- the Committee for the Coordination of Functions with Control Tasks (hereinafter in this paragraph, the "**Committee**"), which is responsible for coordination activities between these functions and implementing them a continuous basis;
- the collaboration between the Functions with Control Tasks, and between the latter and the Control Functions, also through interaction and participation in Management Committees, for the integrated management of the risks to which the Group is exposed;
- the coordinated management of the areas of improvement originating from the Corporate Control Functions, the Control Functions and the Supervisory Authorities, with the aim of assessing their relevance and, subsequently, defining the overall intervention strategies;
- the coordination in reporting activities, interrelationships and communication with the Supervisory Authorities regarding the Internal Control System;
- appropriate reporting tools.

The role of Committee coordinator was assumed by the Chief Audit Executive, in line with the provisions of "Regulation no. 1 - Organisation of Banca MPS".

The CEO/ Director in charge of the internal control and risk management system is kept updated on the activities

carried out by the Committee by receiving the minutes of the Committee's meetings.

The Committee meeting is an opportunity for review and discussion between the various Functions with Control Tasks.

In 2023 specifically, the Committee held a total of 8 meetings.

The circulation of information between the corporate bodies and the Functions with Control Tasks is essential for achieving the objectives regarding the efficiency of the management and the effectiveness of the internal control system. In addition, the preparation of adequate information flows within a timeframe commensurate with the relevance and complexity of the information ensures that the different levels of responsibility within the company organisation are fully exploited.

In this respect, the Group is equipped with a mapping of information flows aimed at ensuring "*valuable interaction in the exercise of duties (guidance, implementation, verification and evaluation)*" between the entities that make up the Group's internal control system. It should be noted that during the year the process of updating and rationalising the map was launched, with the new version expected at the beginning of 2024.

Within this mapping, the following are identified:

- **the vertical flows**, or structured and formalised information, exchanged between the company bodies and the Functions with Control Tasks;

- **the horizontal flows**, or structured and formalised information, exchanged between the Corporate Control Functions and the other Control Functions, both between Functions with Control Tasks and the committees with management duties.

For each information flow identified, the frequency and expiry are also defined.

Relations with the Supervisory Authority are managed by the individual companies of the Group and by the Parent Company to the extent of their respective responsibilities; in particular, CEO Staff and Regulatory Affairs oversees relations with the Supervisory Authorities within the framework of the Single Supervisory Mechanism and Single Resolution Board, acting as both interface and coordinator.

In compliance with the obligations set out in the Supervisory Provisions on the Internal Control System the Parent Company coordinates and provides the Supervisory Authorities with an annual report on the activities of the Corporate Control Functions across all banks within the Group. The report of the Internal Audit Function also includes an assessment of the internal control system.

In 2023, the above reports, along with the Report on the activities conducted by the Anti-Money Laundering Department, were approved by the Board of Directors and submitted to the Bank of Italy by each of the Corporate Control Functions and to the European Supervisor by the CEO and Regulatory Affairs Staff Unit.

Directors' interests and Transactions with Related Parties



The **Montepaschi Group** has adopted **rules and procedures** to manage the risk deriving from situations of potential conflicts of interest and related parties.

The Board of Directors of the Parent Company approved the most recent update of the "Group Directive governing regulatory requirements regarding related parties, connected persons and the obligations of banking officers" (hereinafter the "**Directive**"), which incorporates in a single document the provisions that apply to the Group regarding the regulation of conflicts of interest pursuant to:

- Consob's Related Parties Regulation, implementing the power attributed to Consob by Article 2391-*bis* of the Civil Code in relation to the transparency and substantive and procedural correctness of transactions with related parties entered into by listed companies;
- The Supervisory Provisions on Connected Persons, implementing the power attributed to the Bank of Italy by Article 53 of the TUB in relation to the conditions and limits for the banks' assumption of risks from the engaging into activities with those who can exercise, directly or indirectly, an influence over the management of the bank or the banking group as well as entities related to them;
- Article 136 of the TUB on the obligations of bank executives⁶⁵;
- Article 88 of the CRD concerning loans granted to members of the management body and their related parties⁶⁶.

The Directive sets out the principles and rules for the Montepaschi Group for to manage the risk deriving from situations of possible conflict of interest with certain persons close to the bank's decision-making centre, defining in particular the scope of related parties and connected persons, the obligations relating to the authorisation procedure for transactions with said persons, and the decisions regarding the exceptions applicable to such transactions (with the consequent exclusion of the prior opinion of the Related-Party Transactions Committee).

The Directive also defines the rules applicable to the Montepaschi Group in order to ensure constant compliance with prudential limits and decision-making procedures.

With specific reference to the provisions governing the obligations of bank officers, the Directive applies the procedure provided for in Article 136 of the TUB to the obligations undertaken directly or indirectly by the officer with the bank in which he/she exercises administrative, management or control functions.

⁶⁵ Article 136 of the TUB establishes that persons performing administrative, managerial or control functions in a bank may not enter into obligations of any kind or directly or indirectly enter into purchase or sale agreements with the bank which they administer, manage or control, without a prior resolution adopted unanimously by the administrative body - with the exclusion of the vote of the bank officer concerned – and a favourable vote of all the members of the control body, without prejudice to the obligations laid down in the Civil Code on directors' interests and related-party transactions, and in Article 53 of the TUB.

⁶⁶ Article 88 of the CRD requires banks to ensure that "data on loans to members of the management body and their related parties are properly documented and made available to competent authorities upon request". The provision provides for a specific definition of "members of the management body" and their "related party".

For the purposes of the above regulations, the Bank has put in place, with the cooperation of all bank officers and the other related parties, the necessary requirements for maintaining a complete and updated archive of significant parties pursuant to the law on transactions with related parties and connected persons and Article 136 of the TUB.

The Directive is published on the company's website and sent to the subsidiaries for implementation.

In compliance with the provisions of Consob's Related Parties Regulation and the Supervisory Provisions on Connected Persons, the procedures are published on the Bank's website and can be accessed at the following link: <https://www.gruppomps.it/corporate-governance/operazioni-con-le-parti-correlate.html>.

The most significant related-party transactions in terms of amount carried out by the Bank in 2023 are described in detail in Part H of the Notes to the Financial Statements.

Also relevant to this issue are a number of provisions of the By-Laws which provide for specific information flows (Articles 17 and 19 of the By-Laws, to which reference should be made).

The Regulation of the Board of Directors also affirms the obligation of directors to inform the Board of any situation or reason which, in his or her opinion, may materially affect his or her independence of judgment, thus enabling the Board to make the evaluations and decisions required by the applicable regulations⁶⁷.

⁶⁷ For information on internal controls and corporate governance policies, see Section 4.



[View the Transactions with Related Parties](#)

The document *"Rules on personal transactions in the provision of investment services"*, approved by the Board of Directors, outlines the Group's general principles and rules to ensure compliance with the rules regarding personal transactions in the provision of investment services (Article 91 of the Intermediaries Regulation, adopted by Consob with resolution no. 20307 of 15 February 2018) by relevant persons, i.e., those who are involved in activities that may give rise to conflicts of interest in the performance of investment services or who have access to privileged or confidential information. The personal transactions carried out by such persons, both at Group banks and through third-party intermediaries, are filed in a special electronic "Register".

As of 2019, the Bank has adopted a *"Group Directive governing regulatory requirements regarding the conflict of interest of personnel"*, which sets out the MPS Group's policy aimed at identifying and preventing or managing any financial or non-financial conflicts of interest of "personnel", including members of the Board of Directors, that could affect the performance of their duties and responsibilities, adopting measures pursuant to Bank of Italy Circular 285/2013, the EBA Guidelines on the internal governance of Banks and Investment Firms (section 12), taking also account of Articles 2391 and 2629 of the Italian Civil Code as well as the provisions of Articles 53 and 136 of the TUB and the regulations on related-party transactions.

10.1 Related-Party Transactions Committee

At its meeting of 20 April 2023, the Board of Directors set up the Related-Party Transactions Committee, composed of five independent directors, to carry out the functions assigned to it by the By-Laws, the applicable Supervisory Provisions on the Corporate Governance of Banks, the Corporate Governance Code and the Committee's internal Regulation.

Composition and operations

Members in office until 20 April 2023	Office	List M/m (1)	Non-executive	Meetings (2)
Rao Roberto (*)	Chairperson	M	X	3/3
Barzagli Alessandra (*)	Member	m	X	3/3
Bettio Francesca (*)	Member	M	X	3/3
Bochicchio Francesco (*)	Member	M	X	3/3
De Martini Paola (*)	Member	m	X	3/3

Directors who resigned during the period

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(*) Director who meets the independence requirements established by Article 15 of the By-Laws: independence requirements established by Article 147-ter and Article 148, paragraph 3 of the TUF, Article 13 of MEF Decree no. 169/2020 and Article 2 of the Corporate Governance Code.

(1) Director elected from the majority list ("M") or minority list ("m").

(2) Number of Committee meetings (out of the total number held) attended by the director.

Members in office since 20 April 2023	Office	List M/m (1)	Non-executive	Meetings (2)
Negri-Clementi Anna Paola (*)	Chairperson	M	X	6/6
Barzagli Alessandra Giuseppina (*)	Member	m	X	6/6
Fabris de Fabris Paolo (*)	Member	M	X	6/6
Foti Belligambi Lucia (*)	Member	M	X	6/6
Visconti Donatella (*)	Member	M	X	6/6

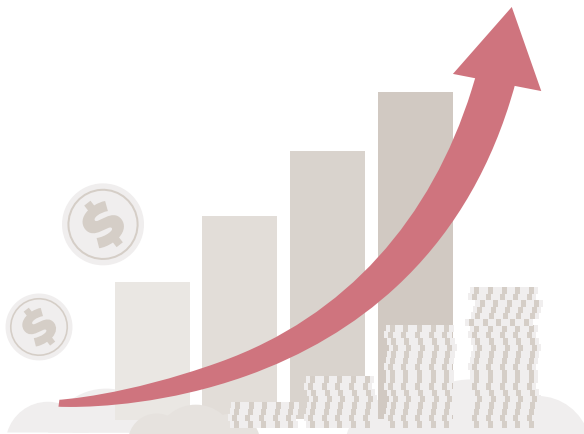
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(*) Director who meets the independence requirements established by Article 15 of the By-Laws: independence requirements established by Article 147-ter and Article 148, paragraph 3 of the TUF, Article 13 of MEF Decree no. 169/2020 and Article 2 of the Corporate Governance Code.

(1) Director elected from the majority list ("M") or minority list ("m").

(2) Number of Committee meetings (out of the total number held) attended by the director.



Participating in the work of the Committee

The Chairperson of the Board of Directors, the Chief Executive Officer and the General Manager may be invited to attend the meetings of the Committee when deemed appropriate in view of the matters under discussion; the other members of the Board of Directors may attend the meetings of the Committee upon specific request to the Chairperson of the Committee or at the invitation of the Chairperson.

Members of the Control Body (i.e. the Board of Statutory Auditors) may attend the meetings of the Committee.

The Bank's Chief Compliance Executive is formally and regularly informed of the Committee's meeting agenda. He/she may decide, at his/her discretion, to attend meetings and has access to and visibility of the relevant documents of each Committee meeting.

If deemed appropriate and depending on the subject under discussion, the Chairperson may invite the Corporate Functions that prepared and/or formulated the proposal, one or more representatives of senior management, as well as the other Heads of the Bank's Functions and third parties (for example, but not limited to, an independent expert) to participate in the Committee's work.

In carrying out its duties, the Committee may also use the services of independent external experts, with costs borne by the Bank.

Functions attributed to the Committee

The Committee carries out the activities and tasks assigned to it by the Bank's internal regulations approved by the Board of Directors and, in particular, by the Directive and the "Group

Regulation on regulatory requirements regarding related parties, connected persons and the obligations of banking officers", adopted pursuant to Consob's Related Parties Regulation, the Supervisory Provisions on Connected Persons and Article 136 of the TUB ("*Obligations of banking officers*"), published on the Bank's website.

In particular, the Committee:

- provides a prior analytical and reasoned opinion on the overall appropriateness of the structures and measures put in place in relation to the objectives of the supervisory regulations rules when approving and updating the Related Parties Directive. The Committee's opinion is binding on the Board of Directors' decisions and is also given in the event that the Compliance Function, on the occasion of the annual review of the Directive, deems it unnecessary to amend it;
- assesses the transactions of minor and major importance carried out by the Bank that do not fall within the cases of exemption, issuing a reasoned opinion on the interest of the company in carrying out the transaction, as well as the economic convenience of the transaction and the substantial correctness of the conditions applied;
- once the analysis on the existence of the requirements of interest and economic convenience of the transaction and substantial correctness of its conditions is completed, the Committee issues its opinion which can be favourable/subject to observations/contrary;
- provides its opinion in the cases required by the Directive in relation to the transactions to be carried out by the subsidiaries of the Bank;
- monitors the transactions carried out, including ordinary transactions of minor significance that are concluded at



arm's length or standard conditions, which are subject to periodic reporting;

- issues a binding opinion, which is analytical and justified, regarding the amendments to the Bank's By-Laws which refer to the issue of related parties and connected parties, where required by the supervisory regulations;
- carries out a role in which it evaluates, supports and recommends on issues of organization and conducting internal controls on the overall activity of assuming and managing risks with related parties and connected parties, verifying the coherence of the activity carried out with the strategic and operating guidelines;
- when updating the control policies in accordance with the relevant supervisory provisions, issues a prior binding, analytical and reasoned opinion, also in relation to their suitability for achieving the objectives of the supervisory regulations;
- provides a prior binding opinion on the proposal to the Board of Directors regarding the definition of operational limits with regard to connected persons, in accordance with the Risk Appetite as periodically defined by the specific internal rules in force.

Activities in 2023

The main activities carried out by the Committee in 2023 were as follows:

- examination and issue of a prior opinion on proposals for transactions with related and connected parties;
- examination of quarterly reports prepared by the Compliance Division on transactions with related and connected parties;
- examination of quarterly reports prepared by the Chief Risk Officer Division on the consolidated analysis of risks to connected parties;
- deep-dive meetings regarding commercial agreements for the relevant profiles.

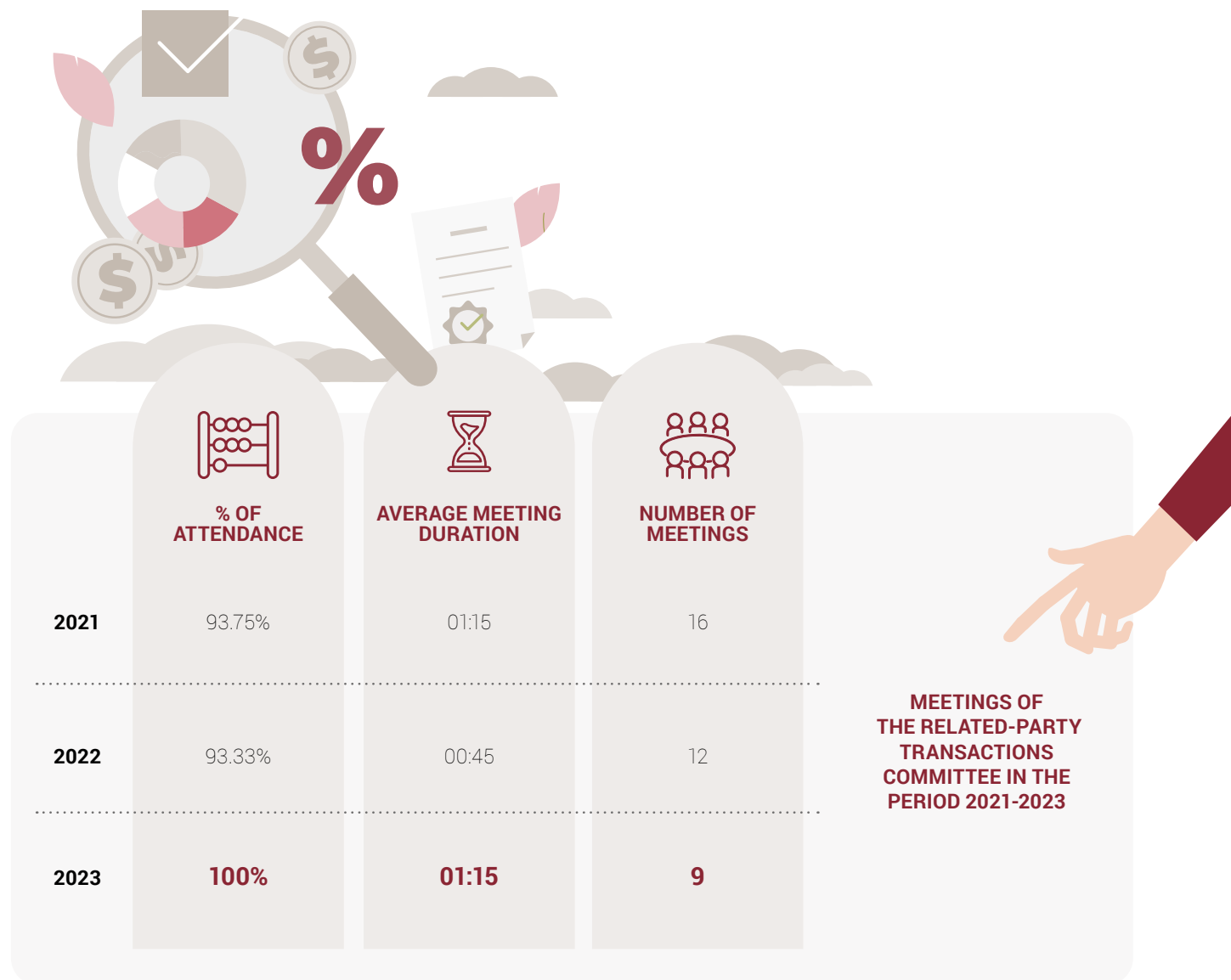
The Committee also reported quarterly to the Board of Directors and Board of Statutory Auditors on activities carried out. The minutes of the Committee meeting are approved and provided to the Board of Directors and the Board of Statutory Auditors through a secure process.

Meetings in 2023

In 2023, the Committee held a total of 9 meetings with an average duration of 1 hour and 15 minutes. The minutes of the meeting were duly recorded by the Secretary.

A schedule of meetings has been drawn up for 2024, to be held at the invitation of the Chairperson whenever there is a need to discuss matters within the Committee's remit.

At the date of this Report, the Committee has held a total of 3 meetings.



Board of Statutory Auditors





11.1 Appointment and replacement

The Board of Statutory Auditors shall be appointed by the Shareholders' Meeting in accordance with the procedure and methods laid down in Art. 25 of the By-Laws, to which reference should be made for further details on the basis of the lists of candidates submitted by the shareholders.

Presentation of lists of candidates

Only shareholders that, either individually or together with other shareholders, collectively hold shares representing at least 1% of the Company's share capital with voting rights at the Ordinary Shareholders' Meeting, or a different percentage required by applicable regulations are entitled to submit lists. Each shareholder may submit or contribute to the submission of one list only and each candidate may stand for election in one list only, under penalty of ineligibility.

The members of the Board of Statutory Auditors are appointed on the basis of lists submitted by the Shareholders. The lists are divided into two sections: one for the appointment of the Statutory Auditors and one for the appointment of the Alternate Auditors.

The candidates must be listed by progressive number and their number must not exceed the number of members to be elected. The lists with a number of candidates equal to or above three must include candidates of different gender in the first two places of the list under the section of the candidates for the office of Statutory Auditors, as provided for in the notice of call of the Shareholders' Meeting, in compliance with the applicable laws and regulations in force at the time on gender balance. If the section of the Alternate Auditors of the above

lists has two candidates, they must be of different gender. The lists submitted by the shareholders must be filed at the company's registered office at least twenty-five days prior to the date set for the Shareholders' Meeting and published in accordance with the applicable regulations in force at the time.

The notice convening the Shareholders' Meeting specifies the deadline for the submission of lists of candidates to the Company and, as applicable, the documents to be submitted with the lists in accordance with the law, including the regulations in force from time to time. The lack of documentation regarding an individual candidate on a list does not automatically result in the exclusion of the entire list, but only of the candidate concerned. Lists submitted that do not comply with the statutory provisions cannot be voted.

For further details, please refer to Article 25 of the By-Laws.

Election of candidates

Each shareholder entitled to vote may vote only one list. The appointment of the members of the Board of Statutory Auditors - whose composition is based on diversity criteria defined by the Issuer pursuant to applicable legal and regulatory provisions and in compliance with the Corporate Governance Code (Recommendation no. 8) – is carried out as detailed below:

- a. the first two candidates of the list which has obtained the majority of votes and the first candidate of the list ranking second by number of votes which is not related, directly or indirectly, pursuant to the applicable laws and regulations in force at the time, to the parties who submitted or voted the list ranking first by number of votes shall be elected as Statutory Auditors;

The Board of Statutory Auditors, as a control body with functions also as an "Audit Committee" or "Internal Control and Audit Committee" as defined in the Consolidated Law on the Statutory Audit of Accounts, oversees compliance with legal, regulatory and statutory provisions, proper administration, the adequacy of the organisational, control and administrative-accounting structures of the Company, the statutory audit of the accounts, the concrete implementation of the corporate governance rules provided for in the Corporate Governance Code, and the adequacy of the instructions given by the Bank to its subsidiaries in accordance with Article 114, paragraph 2 of the TUF.

Pursuant to applicable regulations and the provisions of the By-Laws, the Shareholders' Meeting elects the Chairperson, two Standing Auditors and two Alternate Auditors.

The Auditors remain in office for three years and their term of office expires on the date of the Shareholders' Meeting called to approve the financial statements for the last year of their office; they can be re-elected.

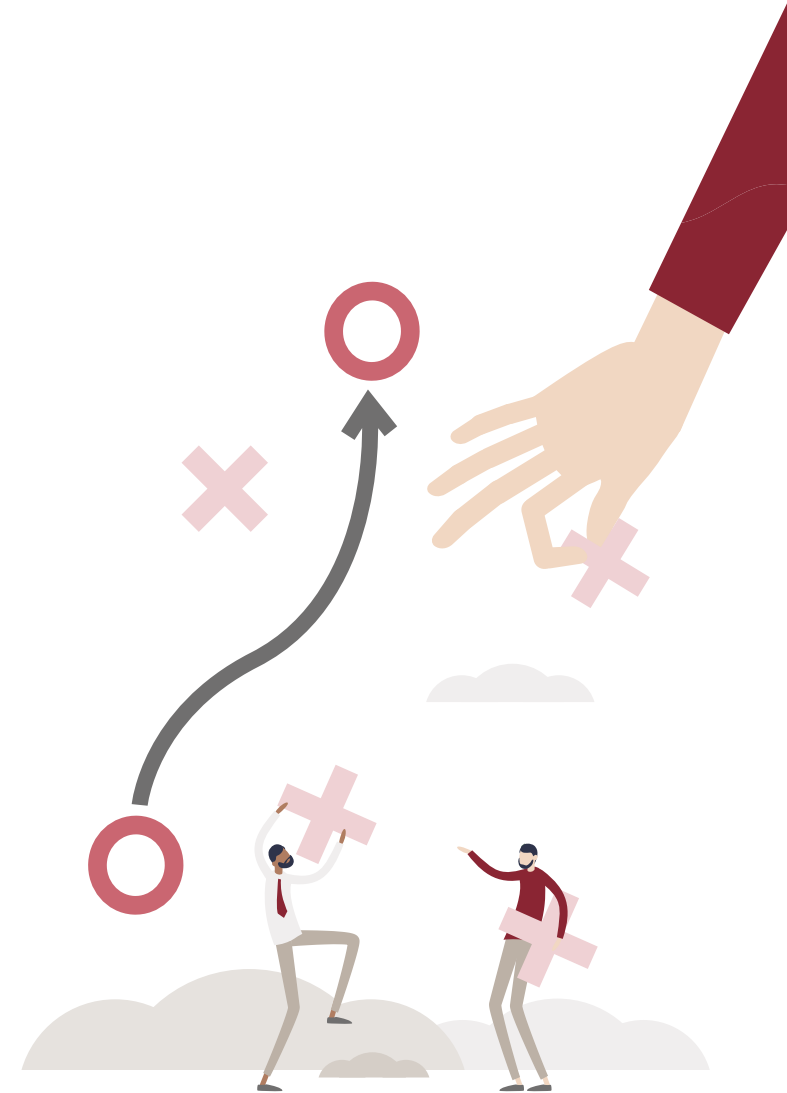
- b. the first candidate of the list which has obtained the majority of votes and the first candidate - or the second candidate if the first is of the same gender as the first candidate of the list which has obtained the highest number of votes - of the list ranking second by number of votes which is not related, directly or indirectly, pursuant to the applicable laws and regulations in force at the time, to the parties who submitted or voted the list ranking first by number of votes shall be elected as Alternate Auditors;
- c. in the case of parity of votes between the first two or more lists, the Shareholders' Meeting shall hold a new voting, voting only the lists with equal votes. The same rule shall apply in the case of parity between the lists ranking second by number of votes which are not related, directly or indirectly, pursuant to applicable laws and regulations, to the parties who submitted or voted the list ranking first by number of votes;
- d. if an elected candidate cannot accept the appointment, the first non-elected candidate in the list of the candidate who did not accept shall be appointed;
- e. the standing auditor taken from the list ranking second by number of votes, and that is not directly or indirectly connected, pursuant to the applicable laws and regulations in force at the time, to the persons who submitted or voted for the list ranking first by number of votes shall be elected Chairperson, provided that they meet the specific professional requirements required by the applicable laws and regulations in force at the time.

Replacement of members of the Board of Statutory Auditors

In the event of the death, resignation or termination of the Chairperson of the Board of Statutory Auditors, the Alternate Auditor elected from the list ranking second by number of votes, which, in accordance with the laws and regulations in force, is not directly or indirectly related to the persons who submitted or voted for the list ranking first by number of votes, shall take over the office of Chairperson until the Board is integrated by the Shareholders' Meeting in compliance with Article 2401 of the Italian Civil Code.

In the event of death, resignation or termination of a Statutory Auditor, he/she shall be replaced by an alternate belonging to the same list as the Auditor being replaced. Based upon the above appointment criteria for the Alternate Auditors, in the event that gender balance is not complied with, the Alternate Auditor of the least represented gender shall take office regardless of whether he/she is included in the same list as the Auditor being replaced.

In order to appoint Auditors who have not been appointed for any reason whatsoever according to the above-mentioned process, the Shareholders' Meeting resolves by the majority provided for by law, without prejudice to the principle of necessary representation of minority shareholders and the principle of gender balance provided for by legislation in force. The appointment of Statutory Auditors for the purpose of completing the Board pursuant to Article 2401 of the Civil Code is resolved upon by the Shareholders' Meeting by relative majority. However, it is understood that the principle of necessary representation of minority shareholders shall be complied with as well as the principle of gender balance provided for by the legislation in force at the time.



Requirements and grounds for forfeiture of office

Individuals who find themselves in situations of incompatibility, as provided for by law, and who do not meet the requirements and/or do not comply with the eligibility criteria established by the applicable national and supranational laws and regulations in force at the time cannot be appointed as Statutory Auditors or, if appointed, are removed from office.

This is without prejudice to the limits on the number of offices held and the time commitment required for the office as established by the applicable laws and regulations in force at the time. Auditors are not allowed to hold office in banks other than those belonging to the Montepaschi Group and those where there is joint control.

Auditors are not allowed to hold office in corporate bodies other than the control corporate bodies in other companies of the group or of the financial conglomerate as well as in companies where the Bank also indirectly holds a strategic shareholding.

At least one Statutory Auditor and at least one Alternate Auditor, appointed according to the list voting procedure, shall be registered in the register of statutory accountants and have carried out statutory auditing for at least three years.

The members of the Board of Statutory Auditors can be removed from office by the Shareholders' Meeting only in the cases and according to the procedures provided for by law and, therefore, only due to just cause and by means of a resolution approved by court order, after hearing the person concerned.

11.2 Composition and operations (as per Article 123-bis, par. 2, letter d) and d-bis) of the TUF)

Three lists of candidates for members of the Board of Statutory Auditors were submitted to the Shareholders' Meeting of 20 April 2023.

In accordance with the criteria set out in the By-Laws and the regulations, which were applied to ensure gender diversity and the presence of representatives proposed by minority shareholders, three candidates from the majority list (list no. 1) and two candidates from the minority list receiving the second highest number of votes (list no. 2) were elected as members of the new Board of Statutory Auditors.

The table summarises the details of the resolutions adopted by the Shareholders' Meeting with regard to the three lists of candidates submitted by the shareholders:

The Board of Statutory Auditors oversees compliance with legal, regulatory and statutory provisions, proper administration, the adequacy of the organisational, control and administrative-accounting structures of the Company, the statutory audit of the accounts, the concrete implementation of the corporate governance rules.

List of candidates ⁶⁸	Shareholder	Candidates	Votes obtained by the list at the Shareholders' Meeting
List no. 1 – majority list	Ministry of Economy and Finance holder of 809,130,220 shares (64.23% of the share capital)	Roberto Serrentino (Standing auditor) - <i>elected</i> Lavinia Linguanti (Standing auditor) - <i>elected</i> Pierpaolo Cotone (Alternate auditor) - <i>elected</i> Valeria Giancola (Alternate auditor)	Total votes 840,898,303 accounting for 80.977787% of the shares entitled to vote and counted and 66.7544% of the share capital.
List no. 2 – minority list	Arca Fondi Sgr S.p.A. fund manager of: Fondo Arca Azioni Italia, Fondo Arca Economia Reale Bilanciato Italia 30; BancoPosta Fondi S.p.A. SGR gestore del fondo Bancoposta Rinascimento; Eurizon Capital SGR S.p.A. fund manager of: Eurizon Global Dividend Esg 50 - Luglio 2025, Eurizon Global Dividend Esg 50 - Ottobre 2025, Eurizon Step 50 Global Leaders Esg Giugno 2027, Eurizon Global Leaders, Eurizon Global Leaders Esg 50 - Dicembre 2025, Eurizon Recovery Leaders Esg 40 - Dicembre 2025, Eurizon Top Recovery Esg Gennaio 2026, Eurizon Global Leaders Esg 50 - Marzo 2026, Eurizon Global Leaders Esg 50 - Giugno 2026, Eurizon Am Global Multiasset 30, Eurizon Am Global Multiasset II, Eurizon Global Leaders Esg 50 - Luglio 2026, Eurizon Am Ritorno Assoluto, Eurizon Global Leaders Esg 50 - Novembre 2026, Eurizon Global Leaders Esg 50 - Settembre 2026, Eurizon Investi Graduale Esg 30 - Marzo 2027, Eurizon Investi Graduale Esg 30 - Gennaio 2027, Eurizon Global Leaders Esg 50 - Gennaio 2027, Eurizon Global Leaders Esg 50 - Marzo 2027, Eurizon Am Tr Megatrend, Eurizon Am Tr Megatrend II, Eurizon Step 50 Global Leaders Esg Settembre 2027, Eurizon Global Dividend, Eurizon Global Dividend Esg 50 - Maggio 2025, Eurizon Progetto Italia 70, Eurizon Pir Italia Azioni, Eurizon Progetto Italia 40; Eurizon Capital S.A. gestore del fondo Eurizon Fund comparti: Eurizon Next - Strategia Absolute Return, Eurizon Next - Strategia Megatrend, Eurizon AM SICAV - Low Carbon Euro, Eurizon AM SICAV- Absolute Return Moderate ESG, Eurizon AM SICAV - Absolute Return Solution, Eurizon AM SICAV - Global Dynamic Allocation, Eurizon AM SICAV - Global Multiasset 15, Eurizon AM SICAV - Global Multiasset 30, Eurizon AM SICAV - Global Multistrategy, Eurizon Fund - Italian Equity Opportunities, Eurizon Fund - Absolute Return Solution; Fidelity Funds – Italy; Fideuram Asset Management Ireland gestore del fondo Fonditalia Equity Italy; Fideuram Intesa Sanpaolo Private Banking Asset Management Sgr S.p.A. fund manager of: Fideuram Italia, Piano Azioni Italia, Piano Bilanciato Italia 50, Piano Bilanciato Italia 30; Interfund Sicav - Interfund Equity Italy; Mediolanum Gestione Fondi Sgr S.p.A. fund manager of: Mediolanum Flessibile Futuro Italia e Mediolanum Flessibile Sviluppo Italia, holders of a total of 17,401,244 shares (1.38139% of the share capital)	Enrico Ciaï (Chairperson) - <i>elected</i> Piera Vitali (Alternate auditor) - <i>elected</i>	Total votes 157,511,551 accounting for 15.168228% of the shares entitled to vote and counted and 12.503996% of the share capital.
List no. 3 – minority list	Fondazione Monte dei Paschi di Siena, Compagnia di San Paolo, Fondazione Cariplo, Fondazione Cassa dei Risparmi di Forlì, Fondazione Cassa di Risparmio di Cuneo, Fondazione Cassa di Risparmio di Firenze, Fondazione Cassa di Risparmio di Lucca, Fondazione Cassa di Risparmio di Pistoia e Pescia, Fondazione Cassa di Risparmio di Torino, Fondazione di Sardegna, holders of a total of 29,037,771 shares (2.305 % of the share capital)	Paolo Prandi (Standing auditor) Antonella Giachetti (Standing auditor) Antonia Coppola (Alternate auditor) Simone Ennio Zucchetti (Alternate auditor)	Total votes 39,531,994 accounting for 3.806897% of the shares entitled to vote and counted and 3.138233% of the share capital.

⁶⁸ On 27 March 2023, the Board of Directors, in compliance with Article 148, para. 2 of the TUF and Article 144-quinquies of the Consob Issuer Regulation and considering the recommendations contained in Consob's Notification DEM/9017893 of 26 February 2009, assessed and declared that, to the Bank's knowledge, there existed no material relationships of affiliation between the parties that submitted the so-called "minority list" for the election of the Board of Directors – identified above as List. No. 2 and List no. 3 – and the controlling shareholder, the MEF.

The following table shows the composition of the Board of Statutory Auditors in office following the resignation of Alternate Auditor Piera Vitali (on 2 May 2023) and of Standing Auditor Roberto Serrentino (on 15 May 2023), who has been replaced by Alternate Auditor Pierpaolo Cotone. The latter will remain in office as Standing Auditor until the next Shareholders' Meeting called to approve the 2023 financial statements, which will have to proceed with the required integration of the Board of Statutory Auditors in accordance with the provisions of Article 2401, paragraph 1, of the Italian Civil Code:

Members	Office
1. Ciai Enrico	Chairperson
2. Cotone Pierpaolo	Standing auditor
3. Linguanti Lavinia	Standing auditor

→ For information on the *Curriculum Vitae* of the members of the current Board of Statutory Auditors in office, please refer to the Bank's website www.gruppompaschi.it/en – Corporate Governance – Board of Statutory Auditors.

Diversity criteria and policies in the composition of the Board of Statutory Auditors

With regard to gender diversity, the By-Laws provide that the composition of the Board of Statutory Auditors must ensure a gender balance in accordance with applicable legislation. In this respect, it should be noted that: (i) Article 148, paragraph 1-bis of the TUF provides that at least two fifths of the effective members of the Board of Statutory Auditors must belong to the less represented gender, with the clarification that if, as in the case of BMPS, the Control Body is composed of three members, the number shall be rounded down to the nearest whole number (see Article 144-undecies.1, paragraph 3 of the Consob Issuer Regulation); (ii) the Supervisory Corporate Governance Provisions for banks also stipulate that, in the corporate bodies with strategic and control functions, the number of members of the less represented gender must account for at least 33% of the body, rounding down to the nearest whole number if the first decimal is equal to or less than 5 (otherwise rounding up); (iii) Recommendation no. 8 of the Corporate Governance Code establishes that at least one third of the administrative and control bodies must be composed of members of the less represented gender.

Compliance with this criterion is ensured by the By-Laws, to which reference should be made.

Furthermore, the composition of the Board of Directors complies with the provisions of MEF Decree no. 169/2020, which requires appropriate diversification in terms of age, gender, length of service and skills.

In accordance with the above, the Board of Statutory Auditors of the BMPS is composed of one third of female members and two thirds of male members. Furthermore, the relative heterogeneity of the professional profile of the auditors and their respective tenures confirms that the Board of Statutory Auditors is sufficiently diversified.

Independence

None of the members of the Board of Statutory Auditors is related to other members of the Board of Statutory Auditors, members of the Board of Directors, the Financial Reporting Officer, the General Manager or the main executives of the company.

The number and the type of duties covered by the Statutory Auditors is in line with the regulations governing the limits on the maximum number of positions for members of Control Bodies, as set forth in Title V-bis, Section V, Chapter II of the Consob Issuer Regulation and in Article 17 of MEF Decree no. 169/2020.

In compliance with current legislation (Article 26 of the TUB, Article 148 of the TUF, combined with Articles 13, 14 and 15 of Ministerial Decree no. 169/2020) and the Corporate Governance Code (Recommendation no. 9), during the year the Board of Statutory Auditors verified that its members meet the independence requirements.

The results of the assessment were communicated to the Board of Directors, as required by the Code itself.

Notwithstanding the above, the Board of Statutory Auditors is required to review its independence at least once a year and, in

The **functioning** of the Board of Statutory Auditors is **governed**, subject to legal provisions, by the **Company's By-Laws** and by a specific **Regulation**.

any event, whenever a situation arises that could compromise its continued independence.

The Board of Statutory Auditors has also verified that its composition complies with the qualitative and quantitative composition indicated as optimal in the document containing the "Guidelines to Shareholders on the Qualitative and Quantitative Composition of the Board of Statutory Auditors", approved by the outgoing Board of Statutory Auditors with a view to the Shareholders' of 20 April 2023.

For further information on the composition of the Board of Statutory Auditors in 2023, please refer to Tables no. 3 and no. 4.

Functioning of the Board of Statutory Auditors

The functioning of the Board of Statutory Auditors is governed, subject to legal provisions, by the Company's By-Laws and by a specific Regulation approved by the same Control Body, outlining the rules and procedures for the corporate governance concerning the Board of Statutory Auditors.

Pursuant to this Regulation, the Board of Statutory Auditors is normally convened before the meetings of the Board of Directors and whenever necessary to address matters within its jurisdiction.

Except in urgent cases, the notice convening the meeting is given at least three days before the date of the meeting.

With regard to supporting documents and preliminary information, the Regulation stipulates that the Chairperson of the Board of Statutory Auditors shall ensure the circulation of information by ensuring that all the Auditors receive adequate information, both in terms of quality and quantity, on the items on the agenda.

Meetings are held at the Company's registered office or at other premises of the Bank's Head Office, or elsewhere in Italy. If necessary, meetings of the Board of the Board of Statutory Auditors may be held by means of teleconferencing in accordance with the provisions of the By-Laws.

A majority of Auditors must be present for resolutions to be valid, and decisions are taken by majority vote.

The Board of Statutory Auditors may, from time to time and in relation to specific agenda items, invite persons to attend meetings whose contribution may enrich the information available to the Auditors.

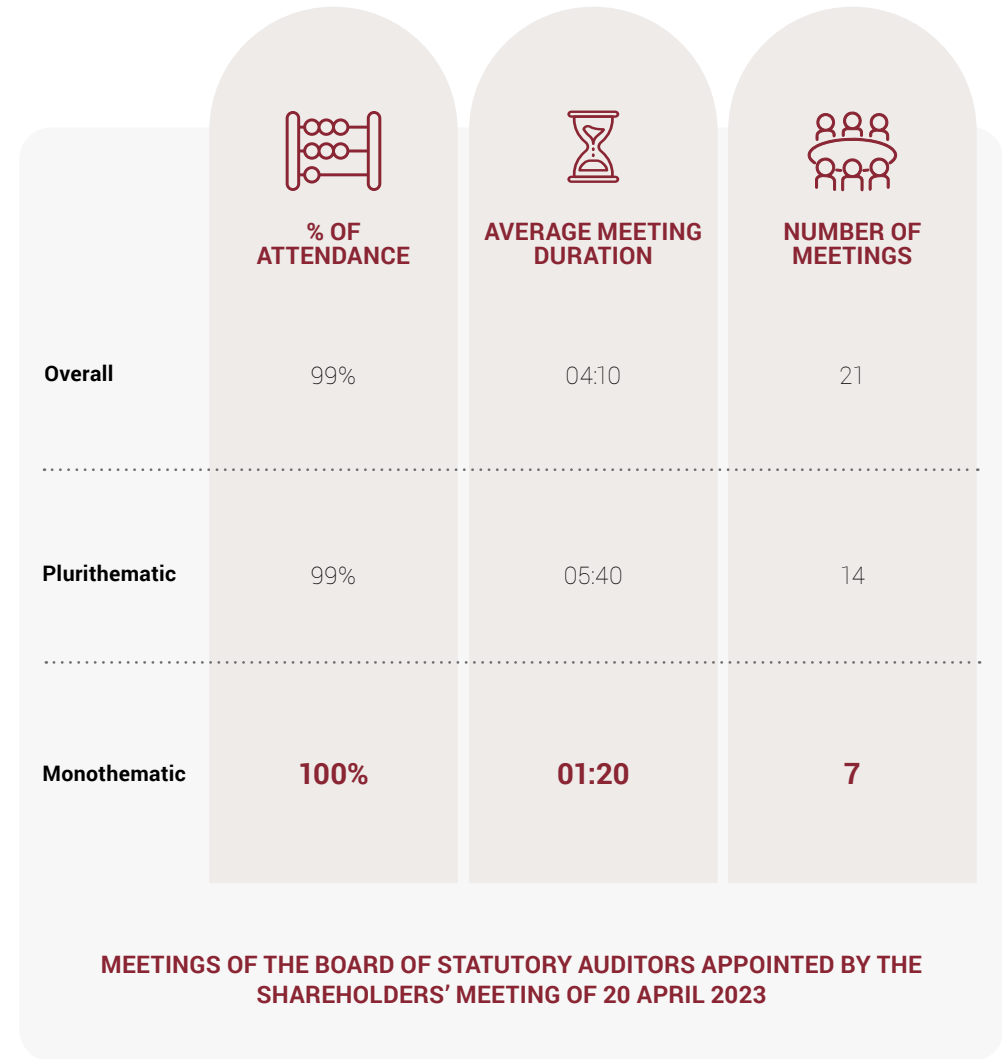
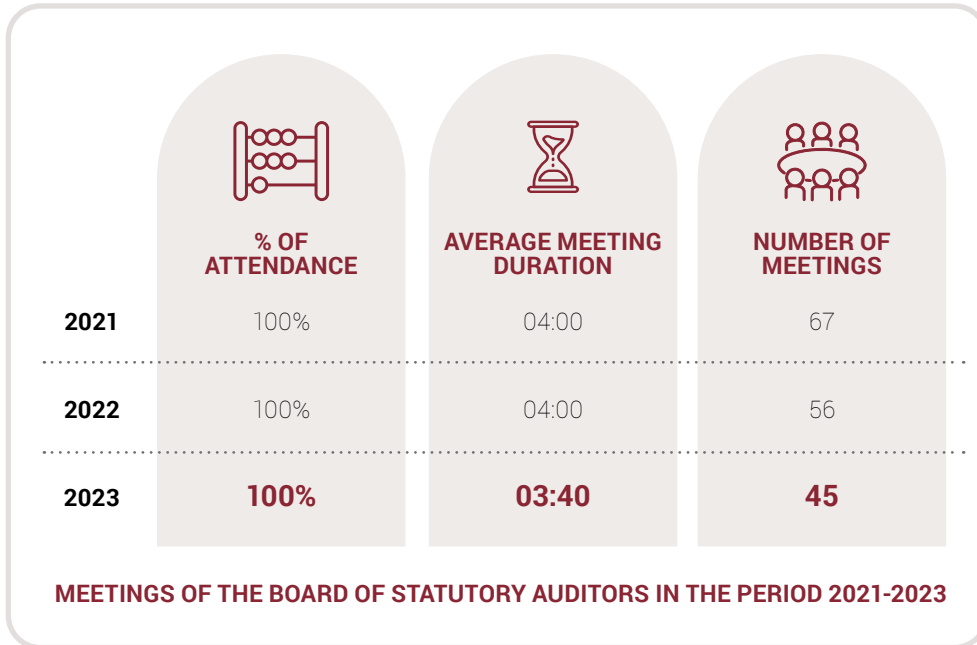
With regard to the minutes of the meetings, the Regulation provides that the Chairperson, assisted by the organisational unit supporting the Board of Statutory Auditors, draws up the minutes and the resolutions.



While the Board of Statutory Auditors normally operates on a collegial basis, individual activities and direct controls may be conducted as deemed necessary and appropriate. The results of its activities are recorded and transcribed in the Book of Meetings and Resolutions of the Board of Statutory Auditors.

Meetings in 2023

- In 2023, the Board of Statutory Auditors held a total of 45 meetings, with an average duration of approximately 3 hours and 40 minutes.
- In 2023, the Control Body appointed by the Shareholders' Meeting of 20 April 2023 held a total of 21 meetings (of which 7 single-topic meetings). The average total meeting duration was approximately 4 hours and 10 minutes.
- As at the date of this Report, a total of 15 meetings of the Board of Statutory Auditors have been held.



Activities in 2023

In 2023, in order to adequately perform its supervisory duties in accordance with the principles of proper administration, the Board of Statutory Auditors attended the only Ordinary Shareholders' Meeting as well as 16 meetings of the Board of Directors held during the year (with an attendance rate of almost 100%). It is the task of the Board of Statutory Auditors to ensure the correct application of the criteria and procedures adopted by the Board of Directors to assess the independence of its members in 2023, following the resolution of the Board of Directors on 18 May 2023.

Ongoing and timely information is also exchanged with the Risk and Sustainability Committee, whose meetings are regularly attended by the Auditors. As provided for in the Regulations of this Committee, at least the Chairperson of the Board of Statutory Auditors or an Auditor appointed by them also participates in the work of the Committee. Joint meetings between the Risk and Sustainability Committee and the Board of Statutory Auditors were held during the year when deemed necessary.

The Board of Statutory Auditors also frequently attended the meetings of the Related-Party Transactions Committee, the Appointments Committee and the Remuneration Committee. Joint meetings between these Board Committees and the Control Body were held during the year as deemed necessary. Moreover, the Statutory Auditors verified that the transactions with related parties took place in compliance with the criteria of transparency and substantive and procedural correctness as indicated in the applicable legislation.

The Board of the Statutory Auditors also supervised the Issuer's administrative and accounting system through

assessments conducted either directly or through the periodic exchange of information with the independent auditors, i.e. PricewaterhouseCoopers S.p.A.. As part of its own assessment of the independence of the auditing firm, the Board of Statutory Auditors did not find any critical aspects with regard to compliance with the relevant regulations, nor did they receive any such reports from PricewaterhouseCoopers.

The Board of Statutory Auditors also carried out the functions of the "Internal Control and Audit Committee" established by the Consolidated Law on the Statutory Audit of Accounts, supervising the financial disclosure process and analysing the contents of the work plan provided by the independent auditors, verifying its adequacy in terms of the size and organisational and business complexity of the Bank.

In 2023, the Board of Statutory Auditors also reviewed the Bank's organisational structure in relation to the size and characteristics of the Bank's corporate activities and in view of the overall company reorganisation process, as part of the 2022-2026 Business Plan actions, implemented through "Intragroup Merger Transactions" involving the subsidiaries Consorzio Operativo Gruppo Montepaschi, MPS Leasing & Factoring and MPS Capital Services; in addition to the voluntary early retirement exits involving more than 4,000 resources, effective as of 1 December 2022.

The Parent Company's Board of Statutory Auditors also exchanged information with the corresponding bodies of the main subsidiaries regarding their systems of administration and control and the general performance of company activities.

The Board of Statutory Auditors has interacted constantly with the Supervisory Body pursuant to Legislative Decree no.





[View the Remuneration Report](#)

Self-assessment of the Board of Statutory Auditors

In compliance with the Supervisory Corporate Governance Provisions for Banks and its own Regulation, the Board of Statutory Auditors underwent a self-assessment process for 2023 using the support of an external advisor (Crisci & Partners S.r.l., an independent consulting firm, specialised and expert in corporate governance practices).

The self-assessment was, therefore, conducted through the completion of specific questionnaires given to the Auditors by the consultants as well as subsequent individual interviews. At the end of the analysis, the advisor produced a document containing the results of the assessment, from which no specific areas for improvement of the Board of Statutory Auditors' operations were identified.

231/01, to which the Board of Directors has resolved to assign the relevant monitoring tasks. The exchange of information with the Board of Statutory Auditors was therefore deemed appropriate and certain actions taken by the Internal Audit Function on the more critical areas were agreed on.

The Board of Statutory Auditors has constantly worked with the control functions, particularly with the internal audit function, both to receive the necessary assistance for the execution of its own audits, and as the recipient of all the inspection reports

received based on the agreed distribution criteria. The Statutory Auditors were thus able to assess the reliability and efficiency of the internal control system adopted by the Bank, not only based on its own corporate setup, but also as a structure overseeing a banking group.

The Board of Statutory Auditors also monitored the adequacy of the organisational structure of the Corporate Control Functions, in accordance with the applicable regulatory requirements, including the evolution of the Bank's staffing levels.

Remuneration

The remuneration of the members of the Board of Statutory Auditors, including the Chairperson, is determined by the Shareholders' Meeting at the time of their appointment for the entire duration of their mandate, taking into account the role and responsibilities of this Body. The members of the Board of Statutory Auditors do not receive any form of variable remuneration. For more detailed information, please refer to the Remuneration Report published on the website www.gruppompis.it/en – Corporate governance – Remuneration.

Relations with Shareholders and other Stakeholders



Access to corporate information

BMPS maintains an active relationship with its Shareholders and Investors with the aim of ensuring the dissemination of clear, truthful and complete information on its activities, with a view to the correct positioning of the Company in the market, guaranteeing equal treatment and openness to discussion for all Investors, with the aim of creating value for all stakeholders.

Information to the market, investors and the media is provided through the corporate website, www.gruppomps.it/en, which is updated on an ongoing and timely basis, and the distribution – via the storage platform selected by the Bank (currently www.emarketstorage.it) – of press releases, reports, financial-economic and non-financial documents, among which, in particular:

- for Shareholders' Meetings, with the publication of extensive documentation concerning the items on the agenda, useful for the exercise of Shareholders' rights, as provided for in detail by the relevant regulations for listed issuers;
- for the approval of Business Plans;
- with the publication of the Remuneration Policy Report;
- with the publication of the yearly and half-yearly financial reports as well as the interim management reports;
- with the publication of the Consolidated Non-Financial Statement on Sustainability issue;
- with the publication of the Report on Corporate Governance and the Shareholding Structure.

The Group website www.gruppomps.it/en also collects information and documents considered of interest to Investors and Stakeholders, which can be consulted in Italian and English.

The Corporate Governance Section, which can be consulted at *Corporate Governance – Banca MPS (gruppomps.it)*, contains information on the Bank's corporate governance: By-Laws, composition of corporate bodies and Board committees, information on the governance model and the control system adopted, the annual reports on corporate governance and the shareholding structure, the annual reports on remuneration policies, documents relating to Shareholders' meetings (notices of call, information reports, proxy-granting procedures, shareholders' meeting regulations, minutes of the meetings) and the regulations for the management of regulatory requirements relating to related parties, connected persons and obligations of bank officers.

The **Investor Relations Section**, which can be consulted at *Investor relations – Banca MPS (gruppomps.it)*, publishes press releases and financial and economic documents: yearly and half-yearly financial reports, periodic management statements, presentations to the financial community, performance of the BMPS share price, strategic plans and documents concerning extraordinary transactions, rating agency ratings, shareholder information, financial calendar, analysts' references, MPS Group bond issues and related documents.

The **Sustainability Section**, which can be consulted at *Sostenibilita – Banca MPS (gruppomps.it)* and is dedicated to Sustainability issues, contains the annual non-financial statement, reporting on the Sustainability-related activities carried out by the Bank and the Group, the Stakeholder Dialogue report as well as other Sustainability-related reports and internal policies.

← View the Corporate Governance Section

← View the Investor Relation Section

← View the Sustainability Section



The BMPS website is one of the main channels through which the Bank provides the financial community and other stakeholders with information content and dialogue tools as part of a more complete and constant communication activity. The website is constantly updated and developed in line with industry best practices in order to ensure an appropriate

standard of transparency, easy access to different information and to promote opportunities for contact and direct dialogue with Shareholders, Investors and other stakeholders.

The Corporate Functions dedicated to overseeing these relationships are the:

Chief Financial Officer Division, which handles relations with the Shareholders, Investors and other players in the national and international financial community through its Investor Relations Staff Unit;

moreover, for dialogue with Shareholders and Investors on Sustainability and ESG issues, the CFO Department supports the Chairperson of the Board and the Chief Executive Officer through its own Sustainability and ESG Staff Unit;

Group General Counsel Division, which is responsible for corporate reporting on corporate governance and for relations with Shareholders, also with regard to their participation in Shareholders' Meetings.

Dialogue with Shareholders and Investors

The Company By-Laws grant the Bank's Board of Directors exclusive authority to oversee the Bank's public information and communications process.

Within this context, in 2022, the Board, on the proposal of the Chairperson formulated in agreement with the Chief Executive Officer and subject to the opinion of the Risk and Sustainability Committee, approved BMPS's *"Policy for the*

management of dialogue with Shareholders and Investors" (**"Dialogue Policy"** or **"Policy"**), in order to promote an ongoing transparent, easily accessible and constructive dialogue with the Bank's Investors⁶⁹, encouraging an exchange of views capable of improving mutual understanding of their respective expectations and facilitating the exercise of the legitimate rights of the stakeholders involved.

The Dialogue Policy is in line with the 'Supervisory Provisions on the Corporate Governance of Banks, the Principles and Recommendations of the Corporate Governance Code for listed issuers to which the Bank adheres and the objectives of the Shareholders' Rights Directive (SHRD)⁷⁰, which introduced measures to encourage the long-term commitment of Shareholders, taking also account of the interests of other relevant stakeholders, with a view to the long-term pursuit of sustainable social and environmental value creation.

Purpose of the Policy

The Dialogue Policy **addresses the management of the dialogue outside the Shareholders' Meeting** between the Bank and its Investors on matters falling within the competence of the Board of Directors relating to: general

⁶⁹ The Policy defines "Investors" as "current or prospective shareholders of the Bank, as well as holders (current or prospective) of financial instruments issued by the Bank, holders of interests relating to the ownership of shares and other financial instruments and rights arising from shares in the capital of the Bank for their own account or for the account of third parties (including, for example, Institutional Investors and asset managers)".

⁷⁰ Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007, relating to the exercise of certain rights of shareholders of listed companies, as amended by Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017.

BMPS maintains an active relationship and constant dialogue with its Shareholders and Investors.

operating performance; the financial statements and periodic financial results; corporate strategy; the pursuit of Sustainable Success; the capital structure; transactions of significant strategic, economic, capital or financial importance, and extraordinary and/or particularly significant events; corporate governance (for example, aspects that characterise the governance system adopted by the Bank, the appointment and composition of corporate bodies, including board committees); the Internal Control and risk management System, as well as the remuneration policies adopted by the Bank.

The Policy **does not concern** the management of the dialogue relating to the conduct of the Shareholders' Meetings or the exercise of the rights of Shareholders falling within the scope of the regulations applicable to listed issuers, for which reference should be made to Section 13 (Shareholders' Meetings), **nor does it concern** the requests for dialogue with the Bank from parties other than Investors (e.g. customers, suppliers, other stakeholders) who, while qualifying as Investors, have interests other than those of their investment in the Bank's capital.

The Dialogue Policy therefore represents a tool that is in addition and supplementary to the other ways in which the Bank interacts on an ordinary and ongoing basis with Shareholders, Investors and more generally with the financial

community, through the ongoing and timely updating of its website (www.gruppomps.it/en), as well as through the Investor Relations Function, for example when there are meetings with the financial community (conference calls and road shows), which, in addition to being attended by the Investor Relations Function, may also be attended by the Chief Executive Officer and/or other Group executives whose presence is deemed appropriate.

The management of the dialogue governed by the policy is entrusted to:

- the Chairperson of the Board of Directors, in agreement with the Chief Executive Officer, for matters of corporate governance or regarding the effectiveness of the Board of Directors and its internal committees;
- the Chief Executive Officer, in agreement with the Chairperson of the Board of Directors, for matters of strategy – including Sustainability – management, business and/or issues relating to the periodic financial results.

In agreement with the Chief Executive Officer, and at the first subsequent meeting, the Chairperson informs the Board of Directors on the significant developments and contents of the dialogue with Investors, in compliance with the timeframe envisaged for pre-meeting reporting and in consideration of the relevance, urgency and interest for the Bank.

Contact point for initiating dialogue

The Investor Relations Function is the Bank's point of contact, to which all requests for dialogue pursuant to the Dialogue Policy must be sent by Investors, Proxy advisors and rating agencies using the contact details published on

The **BMPS website** is one of the **main channels** through which the Bank provides the financial community and other stakeholders with **information content** and **dialogue tools** as part of a more complete and constant **communication activity**.

the website at www.gruppomps.it/en – *Investor Relations*. The dialogue is conducted by the Bank on a reactive or proactive basis, in compliance with any requirements of confidentiality that some information may present, also in light of the regulations on insider information, privacy and confidentiality and the guidelines and recommendations provided by the Supervisory Authorities, as part of the principles, rules and controls adopted by the Bank's Board of Directors for the internal management and external communication of documents and information regarding BMPS.

Moreover, it should be noted that the Policy adopted by the Bank expressly states that dialogue may also be initiated at the



[View the Policy for the management of dialogue](#)

request of Shareholders and Investors, defining the methods and procedures to be followed for submitting a request, in accordance with the recommendations of the Corporate Governance Committee.

During 2023, there were no opportunities for dialogue outside the meeting in application of the Dialogue Policy.

However, the Bank's Investor Relations Function continued to maintain relations with the financial community on a regular and ongoing basis. In addition, following the implementation of some of the Bank's key strategic initiatives provided for in the 2022-2026 Business Plan, there has been an increased interest from analysts, investors and rating agencies in the Bank's activities and strategies, leading to more opportunities for engagement.

Dialogue with Shareholders, Investors and the financial community at large was carried out both through the systematic, correct and timely dissemination of clear, truthful and complete information, which the Bank ensures with regard to the financial results for the period and the Non-Financial Statement on Sustainability issues, as well as through conference calls, meetings dedicated to rating agencies, roadshows and sector conferences.

For further details, such as on how to request or initiate a dialogue with the Board of Directors, please refer the Dialogue Policy published at www.gruppomps.it/en - *Investor Relations*.

Shareholders' Meetings



The Bank's duly constituted Shareholders' Meeting represents the entire body of its shareholders and its resolutions, passed in accordance with the law and the By-Laws, are binding on all the shareholders, including absent or dissenting shareholders. It is normally convened in Siena and may also be convened in a location other than the registered office, provided that it is in Italy.

The Shareholders' Meetings are regulated by the applicable laws and regulations as well as the By-Laws.

The Ordinary or Extraordinary General Meeting is held in a single call.

The Ordinary Shareholders' Meeting must be held at least once a year, within 120 days of the financial year end.

Meeting information

The Shareholders' Meeting constitutes the Bank's main opportunity for dialogue and discussion with its shareholders, particularly regarding the items on the agenda, in compliance with information equality and insider trading regulations.

The Board of Directors facilitates the active and informed participation of the Bank's shareholders by ensuring that they are provided with complete, accurate and timely pre-meeting information and are thus able to exercise their rights at the Shareholders' Meeting in an informed way.

The Bank publishes the information and documentation regarding the Shareholders' Meeting – well in advance and in compliance with applicable regulations – on the website www.gruppompas.it/en – Corporate Governance – Shareholders'



View the information and documentation regarding the Shareholders' Meeting

Meetings and BoD and by filing it at the company's registered office, the market management company (Borsa Italiana S.p.A.) and on the storage platform - www.emarketstorage.it.

Right to ask questions before the Shareholders' Meeting

Shareholders have the right to ask questions even before the Shareholders' Meeting by submitting them to the Company within the terms and according to the procedures specified in the notice of call.

The Company publishes a reply to the questions on the items on the agenda of the Shareholders' Meeting on its website within the deadline specified in the notice of call, thereby ensuring that all shareholders are fully informed.

Procedures for shareholders' participation and exercise of rights

The procedures for attending the Shareholders' Meeting and exercising shareholders' rights are detailed in the notice of call of the specific meeting, drawn up in compliance with the applicable regulations in force at the time and the By-Laws.

Shareholders with voting right who provide proof of their entitlement in accordance with the procedures provided for by the applicable regulations in force, may attend the Shareholders' meeting or be represented by a proxyholder.



To facilitate shareholder participation, a variety of procedures for issuing and notifying the proxy to the Company have been established and are detailed in the notice of call. In general, the proxy issued by the shareholder may be notified to the bank using either: the appropriate section of the website; digital banking, for shareholders and customers who have enabled this service; certified electronic mail to the electronic addresses specified in the notice of call; fax; delivery on the day of the Shareholders' Meeting (including in c.c.).

To further facilitate the participation of shareholders in the Meetings as well as the exercise of their rights, the Bank appoints a representative to whom each shareholder may, pursuant

to art. 135-undecies of the TUF, grant their proxy with voting instructions – free of charge – on all or some of the proposals on the agenda of the meeting (“**Appointed Representative**”).

As provided for in the regulations, the proxy to the Appointed Representative must be granted by the end of the second trading day prior to the date of the shareholders' meeting by signing a proxy form, the content of which is governed by the Consob Issuer Regulation. The proxy may only be exercised for proposals for which voting instructions are given. On the use of this option in 2023, please refer to the section below “The 2023 Shareholders' Meeting”.

Shareholders who are customers of the Bank are also given the opportunity to use the digital banking service to request the notification of their entitlement to attend and exercise their voting right at the Shareholders' Meeting. The same digital banking service can be used not only for the Bank's Shareholders' Meetings, but also for those of all other listed companies.

The Bank's By-Laws do not provide for postal voting.

Proposals of shareholders

Shareholders may actively participate in the life of the Company, not only by exercising their right to vote on the items on the agenda of the Shareholders' Meeting, but also by submitting alternative proposals to those formulated by the Board of Directors, in compliance with applicable regulations: shareholders that represent, even jointly, at least 2.5% of the share capital may request – withing ten days of the publication of the notice of call of the Shareholders' Meeting (or five days for the specific cases indicated by the regulations) - additions to

the list of items to be discussed, indicating in their request the additional items they propose, or submit resolution proposals on items already on the agenda.

The requesting shareholders must prepare a report stating the reasons for the proposed resolutions on the new items they propose to address or the reasons for further proposed resolutions on items already on the agenda.

Amendments to the agenda of the Shareholders' Meeting and the related report are made available to shareholders by publication in the form and terms prescribed by law.

Any supplement to the list of items to be discussed is not allowed for items that, by law, are proposed by the directors or on the basis of a draft or a report prepared by them other than those ordinarily provided for in Article 125-ter, paragraph 1, of the TUF.

Those who are entitled to vote may individually submit resolution proposals to the Shareholders' Meeting, even if they do not hold the minimum share stated above.

Quorum for meetings and decision-making

The Shareholders' Meetings (ordinary and extraordinary) are duly constituted and pass resolutions when the quorums required by law for meetings in single call are represented.

The Ordinary Shareholders' Meeting passes resolutions by an absolute majority of the votes cast, except for the appointment of members of the Board of Directors and the Board of Statutory Auditors, which are determined through list voting in accordance with Articles 15 and 25 of the By-Laws.

The role of the Chairperson

The Chairperson has plenary powers to lead and direct the discussion and exercises these prerogatives having regard to the interest to guarantee the swiftness of the Meeting's vote, ensuring - where necessary, – that the length of the Shareholders' Meeting's business does not prejudice the ability to participate and to express the vote, and that regular course of the Shareholders' Meeting is not disturbed.

The Chairperson establishes the procedures for requesting to speak as well as the maximum duration and order of speeches. During the Meeting, the Chairperson acknowledges the publication of the notice of call, as well as the filing of the documents required by the applicable regulations (e.g. the documents concerning the items on the agenda, including the explanatory reports and the related resolution proposals) at the company's registered office, on the storage platform and their publication on the Group website, so that they are available to the shareholders and the public).

Shareholders' Meeting Regulation

Since 2013, the Bank has adopted a Shareholders' Meeting Regulation under which the Chairperson exercises his/her powers for the orderly and proper course of shareholders' meetings, ensuring the participants' right to speak and receive a reply. The Shareholders' Meeting Regulation is made available to participants when each Meeting is called, on the website at – *Corporate Governance – Shareholders' Meetings and BoD*.

The 2023 Shareholders' Meeting

In 2023, only one Ordinary Shareholders' Meeting was held to approve the financial statements, on 20 April 2023. Eligible



shareholders were able to participate exclusively through the issuing of a specific proxy (or sub-proxy) and voting instructions to the Bank's Appointed Representative pursuant to Article 135-decies of the TUF, in accordance with the provisions of Article 106 of Legislative Decree No. 18 of 17 March 2020⁷¹.

⁷¹ Decree-Law converted and amended by Law No. 27 of 24 April 2020, as extended by Article 3, paragraph 10 of Decree-Law No. 198 of 29 December 2022, converted and amended by Law No. 14 of 24 February 2023.

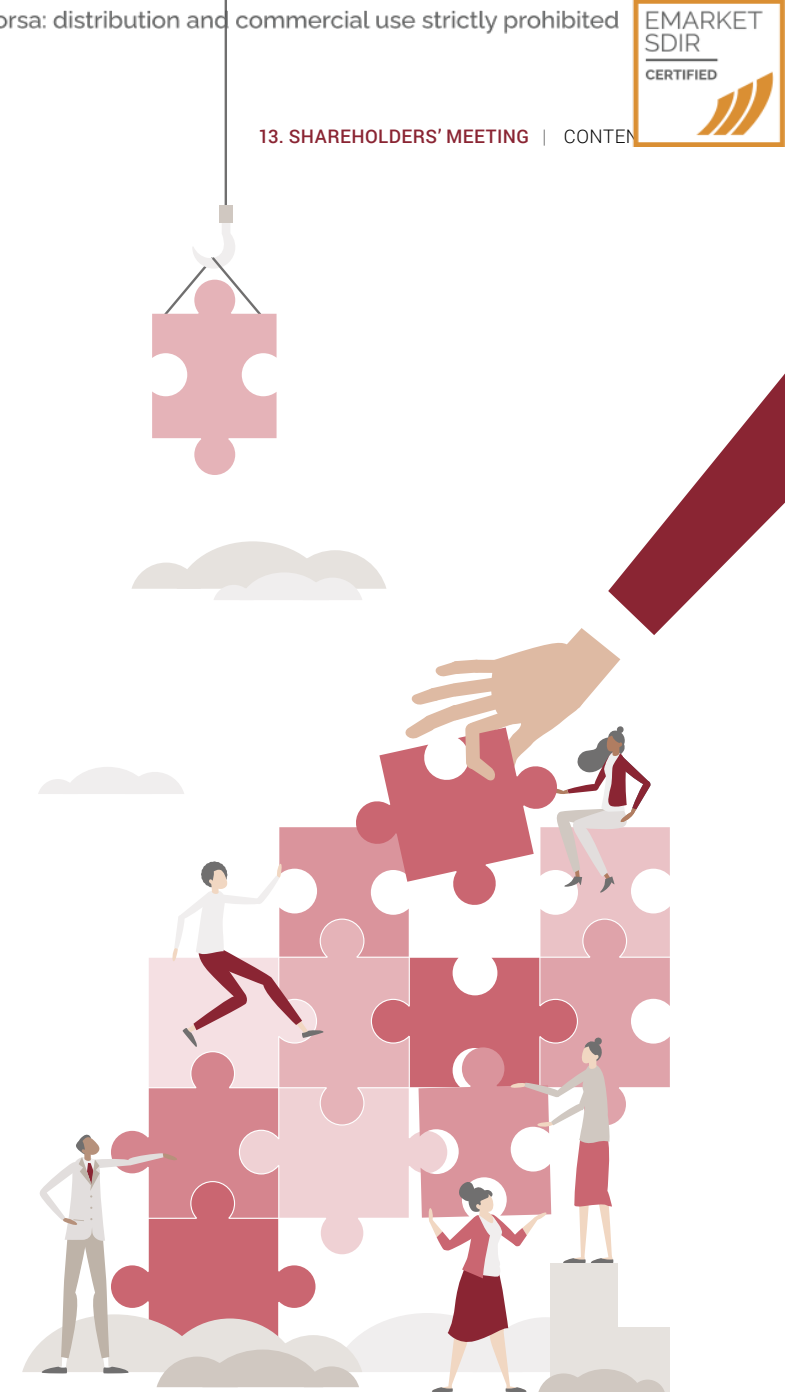
In-person participation or participation through audioconference⁷² was allowed for members of the Board of Directors and the Board of Statutory Auditors, the Appointed Representative, the appointed Notary Public and any other person whose presence at the Meeting was deemed useful by the Chairperson in relation to the items on the agenda.

Considering that participation is only possible through the Appointed Representative and in order to facilitate the exercise of shareholders' rights as much as possible, ensuring an effective dialogue between them and the Company, the notice convening the Shareholders' Meeting of April 2023 established deadlines to enable those entitled to do so to submit any:

- questions relating to items on the agenda and, consequently, for the Bank to publish the relevant answers,
- individual proposals for additions to the agenda and, consequently, for the Bank to publish them,
- before the deadline set for shareholders entitled to vote to give voting instructions to the Appointed Representative.

The purpose of this was to ensure that shareholders had sufficient time to consider the items on the agenda and to provide the Appointed Representative with the relevant voting instructions, as well as to enable the Bank to provide full, transparent and equal information to all shareholders. With these objectives in mind, various technical methods and channels for contacting the Appointed Representative have also been made available.

⁷² Audio conferencing systems ensuring, inter alia, the identification of participants and the possibility of exchanging documents related to these topics.



Additional corporate governance practices

(as per Article 123-bis, Par. 2, letter a) of the TUF)





View the Code of Ethics

The Group is committed to participating in the life of its local community and contributing to the sustainable growth of society



Banca Monte dei Paschi di Siena was founded in 1472 to provide aid to the needy, combat usury and support the development of the city of Siena at a difficult moment in history.

More than five hundred years of being in contact with the needs of the people and its communities has led the Montepaschi Group to develop a strong sense of responsibility.

The Group is committed to participating in the life of its local community and contributing to the sustainable growth of society: Companies today are not only called on to generate profits but must do so by applying ethical conduct and undertaking worthwhile projects.

The Group is therefore attentive to the needs of the people, the community and the environment. This commitment is implemented through corporate decisions, individual behaviour and ongoing dialogue with our significant internal and external stakeholders.

The Bank and the Montepaschi Group have adopted a **Code of Ethics** which is the foundation of the Group's activities. Inspired by the highest ethical and professional standards, it sets out the guiding principles, values and rules of conduct (in addition to legal and regulatory obligations) that directors, auditors, managers and employees of the Group's companies are committed to respecting and promoting when performing their duties and according to their respective responsibilities.

Moreover, the Group is committed to encouraging the adoption of the Code of Ethics by associated companies, subsidiaries, affiliates, business partners, consultants and collaborators. Compliance with the Code is a factor in assessing current and future relationships.

The Code of Ethics is therefore an important tool of governance tool as well as an essential and integral part of the 231 Model, which is binding for all those involved. Its application is monitored and verified within the internal control system.

As of 2022, the Code of Ethics has been integrated with the principles of Sustainability, Diversity and Inclusion, Environmental Protection and Risk Culture within the corporate governance framework. This aims to ensure the effective and prudent management of Group companies, with a focus on a customer-centric approach, the remuneration policies, and the rules governing transactions with counterparties operating in "sensitive or controversial sectors".

The Code of Ethics is published on the website www.gruppompaschi.it/en - Corporate Governance – Governance Model..

For any further corporate governance practices adopted by the Bank, please refer to the previous sections of this Report.



Tables

Table no. 1: STRUCTURE OF THE BOARD OF DIRECTORS (1 January – 20 April 2023)

Office	Members	Year of birth	Date of first appointment (*)	In office since	In office until Shareholders' Meeting called to approve the financial statements for	List (submitter) (**)	List (M/m) (***)	Executive	Non-executive	Independence under Code	Independence under TUF	Number of other offices (****)	(*****)
Acting Deputy Chairperson	D'Ecclesia Rita Laura	1960	18/05/2020	18/05/2020	2022	Shareholders	M		X	X	X	1	6/6
Deputy Chairperson	Bettio Francesca	1950	18/05/2020	18/05/2020	2022	Shareholders	M		X	X	X		6/6
Chief Executive Officer/ CEO and General Manager	Lovaglio Luigi (1)	1955	07/02/2022	08/02/2022	2022	n.a.	n.a.	X					6/6
Director	Bader Luca	1974	18/05/2020	18/05/2020	2022	Shareholders	M		X	X	X		6/6
Director	Barzaghi Alessandra Giuseppina	1955	18/05/2020	18/05/2020	2022	Shareholders	m		X	X	X		6/6
Director	Bassilichi Marco	1965	18/05/2020	18/05/2020	2022	Shareholders	M		X		X	3	6/6
Director	Bochicchio Francesco	1956	18/05/2020	18/05/2020	2022	Shareholders	M		X	X	X		6/6
Director	Castellano Rosella	1965	18/05/2020	18/05/2020	2022	Shareholders	M		X	X	X		6/6
Director	De Martini Paola	1962	18/05/2020	18/05/2020	2022	Shareholders	m		X	X	X	3	6/6
Director	Di Raimo Raffaele	1965	18/05/2020	18/05/2020	2022	Shareholders	M		X	X	X		6/6
Director	Di Stefano Stefano (2)	1960	12/04/2022	12/04/2022	2022	n.a.	n.a.		X			1	4/6
Director	Giorgino Marco	1969	21/12/2017	18/05/2020	2022	Shareholders	m		X	X	X	3	6/6
Director – (LID)	Maione Nicola	1971	21/12/2017	18/05/2020	2022	Shareholders	M		X	X	X		6/6
Director	Rao Roberto	1968	18/05/2020	18/05/2020	2022	Shareholders	M		X	X	X		6/6
Directors who resigned during the year													
Chairperson	Grieco Maria Patrizia	1952	18/05/2020	18/05/2020	Resigned on 26/03/2023	Shareholders	M		X		X	2	4/4

Minimum participation in the capital required for the submission of lists for the final appointment: 1%

NOTES

- (1) Coopted pursuant to Article 2386 of the Italian Civil Code by the Board of Directors on 7 February 2022; at the same meeting, appointed Managing Director and General Manager of the Bank with effect from 8 February 2022. Confirmed as Director by the Shareholders' Meeting of 12 April 2022. Appointed Director in charge of the internal control and risk management system by the Board of Directors on 21 April 2022.
- (2) Appointed by the Shareholders' Meeting of 12 April 2022 to complete the Board of Directors and restore the number of members to 15, as decided by the Shareholders' Meeting of 18 May 2020.
- (LID) *Lead Independent Director* from 17 December 2020.
- (*) Date on which the Director was first appointed to the Bank's Board of Directors.
- (**) Indicates whether the list from which each director was elected was submitted by the shareholders ("Shareholders") or by the Board of Directors ("BoD"). In the case of an appointment without the use of list voting as provided for in the By-Laws, "n.a." is indicated.
- (***) Director elected from the "majority" list ("M") or "minority" list ("m"). In the case of an appointment without the use of list voting as provided for in the By-Laws, "n.a." is indicated.
- (****) Number of directorships or auditorships held by the officer in other listed companies or significant-sized companies as at 20 April 2023. The relevant companies are shown in Table 1-bis.
- (*****) Number of meetings (out of the total number held) attended by the director.

Table no. 1-bis: OFFICES HELD BY BANK DIRECTORS IN LISTED OR SIGNIFICANT-SIZED COMPANIES (AS AT 20 APRIL 2023)

DIRECTOR	LIST OF OFFICES	COMPANY BELONGING TO THE MPS GROUP	
		YES	NO
Grieco Maria Patrizia - Presidente	Member of the Board of Directors of Ferrari N.V.		X
	Member of the Board of Directors of Amplifon S.p.A.		X
D'Ecclesia Rita Laura - Vice Presidente Vicario	Chairperson of the Board of Directors of Lumen Ventures SIS S.p.A.		X
Bettio Francesca - Vice Presidente	N/A		
Lovaglio Luigi - Amministratore Delegato/CEO e Direttore Generale	N/A		
Bader Luca	N/A		
Barzaghi Alessandra Giuseppina	N/A		
Bassilichi Marco	Deputy Chairperson of Base Digitale Group S.r.l.		X
	Member of the Board of Directors of ITH S.p.A.		X
	Member of the Board of Directors of Mercury B Capital Limited		X
Bochicchio Francesco	N/A		
Castellano Rosella	N/A		
De Martini Paola	Group General Counsel Octo Group S.p.A.		X
	Member of the Board of Directors of Octo Telematics Italia S.r.l.		X
	Member of the Board of Directors of Renergetica S.p.A.		X
Di Raimo Raffaele	N/A		
Di Stefano Stefano	Member of the Supervisory Board of STMicroelectronics Holding N.V. – STH		X
Giorgino Marco	Member of the Board of Directors of Real Step Sicaf S.p.A.		X
	Member of the Board of Directors, member of the Control and Risk, Corporate Governance and Sustainability Committee and Chairperson of the Related Parties Committee of Terna S.p.A.		X
	Standing Auditor of Luce Capital S.p.A.		X
Maione Nicola	N/A		
Rao Roberto	N/A		

Table no. 2: STRUCTURE OF THE BOARD OF DIRECTORS (20 April – 31 December 2023)

Office	Members	Year of birth	Date of first appointment (*)	In office since	In office until Shareholders' Meeting called to approve the financial statements for	List (submitter) (**)	List (M/m) (***)	Executive	Non-executive	Independence under Code	Independence under TUF	Number of other offices (****)	(*****)
Chairperson	Maione Nicola	1971	21/12/2017	20/04/2023	2025	Shareholders	M		X	X	X		10/10
Deputy Chairperson	Brancadoro Gianluca	1956	20/04/2023	20/04/2023	2025	Shareholders	M		X	X	X	1	10/10
Chief Executive Officer/ CEO and General Manager	Lovaglio Luigi (1)	1955	07/02/2022	20/04/2023	2025	Shareholders	M	X					10/10
Director	Barzaghi Alessandra Giuseppina	1955	18/05/2020	20/04/2023	2025	Shareholders	m		X	X	X		10/10
Director	De Martini Paola	1962	18/05/2020	20/04/2023	2025	Shareholders	m		X	X	X	3	10/10
Director	Di Stefano Stefano	1960	12/04/2022	20/04/2023	2025	Shareholders	M		X			1	9/10
Director	Fabris De Fabris Paolo	1970	20/04/2023	20/04/2023	2025	Shareholders	M		X	X	X		10/10
Director	Foti Belligambi Lucia	1972	20/04/2023	20/04/2023	2025	Shareholders	M		X	X	X	2	10/10
Director	Lombardi Domenico	1969	20/04/2023	20/04/2023	2025	Shareholders	M		X	X	X		10/10
Director	Lucantoni Paola	1968	20/04/2023	20/04/2023	2025	Shareholders	M		X	X	X		10/10
Director	Martiniello Laura	1976	20/04/2023	20/04/2023	2025	Shareholders	M		X	X	X	2	10/10
Director	Negri-Clementi Anna Paola	1970	20/04/2023	20/04/2023	2025	Shareholders	M		X	X	X	1	10/10
Director	Sala Renato	1953	20/04/2023	20/04/2023	2025	Shareholders	M		X	X	X		10/10
Director	Visconti Donatella	1956	20/04/2023	20/04/2023	2025	Shareholders	M		X	X	X	1	10/10
Directors who resigned during the year													
Director – LID	Giorgino Marco	1969	21/12/2017	20/04/2023	Resigned on 13/11/2023	Shareholders	m.		X	X	X	3 (2)	9/9

Minimum participation in the capital required for the submission of lists for the final appointment: 1%**NOTES**

(1) Confirmed as Chief Executive Officer and Director in charge of the internal control and risk management system on 20 April 2023. General Manager of the Bank as of 8 February 2022.

(2) Board Member of Terna S.p.A. and Real Step SICAF; Standing Auditor of Luce Capital S.p.A.

(LID) *Lead Independent Director* as of 8 May 2023, resigned on 13 November 2023.

(*) Date on which the Director was first appointed to the Bank's Board of Directors.

(**) Indicates whether the list from which each director was elected was submitted by the shareholders ("Shareholders") or by the Board of Directors ("BoD"). In the case of an appointment without the use of list voting as provided for in the By-Laws, "n.a." is indicated.

(***) Director elected from the "majority" list ("M") or "minority" list ("m"). In the case of an appointment without the use of list voting as provided for in the By-Laws, "n.a." is indicated.

(****) Number of directorships or auditorships held by the officer in other listed companies or significant-sized companies as at 31 December 2023. The relevant companies are shown in Table 2-bis.

(*****) Number of meetings (out of the total number held) attended by the director.

Table n. 2-bis: OFFICES HELD BY BANK DIRECTORS IN LISTED OR SIGNIFICANT-SIZED COMPANIES (as at 31 December 2023)

DIRECTOR	LIST OF OFFICES	COMPANY BELONGING TO THE MPS GROUP	
		YES	NO
Maione Nicola - Presidente	N/A		
Brancadoro Gianluca - Vice Presidente	Member of the Board of Directors of Fondo Italiano di Investimento SGR S.p.A.		X
Lovaglio Luigi - Amministratore Delegato/CEO e Direttore Generale	N/A		
Barzaghi Alessandra Giuseppina	N/A		
De Martini Paola	Member of the Board of Directors of Growens S.p.A.		X
	Group General Counsel Octo Group S.p.A.		X
	Standing Auditor of Sol S.p.A.		X
Di Stefano Stefano	Member of the Supervisory Board of STMicroelectronics Holding N.V. – STH		X
Fabris De Fabris Paolo	N/A		
Foti Belligambi Lucia	Chairperson of the Board of Statutory Auditors of Orsero S.p.A.		X
	Standing Auditor of Manufactures Dior S.r.l.		X
Lombardi Domenico	N/A		
Lucantoni Paola	N/A		
Martiniello Laura	Standing Auditor of Angelini Technologies S.p.A.		X
	Standing Auditor of Teqqo S.r.l. (Gruppo FINAF – Angelini)		X
Negri-Clementi Anna Paola	Member of the Board of Directors of Restart S.p.A.		X
Sala Renato	N/A		
Visconti Donatella	Member of the Advisory Board of 10AK Financial Group Limited		X

Table n. 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS (1 January – 20 April 2023)

Office	Members	Year of birth	Date of first appointment (*)	In office since	In office until Shareholders' Meeting called to approve the financial statements for	List (**)	Independence under Code	(***)	Number of other offices (****)
Members	Ciai Enrico	1957	18/05/2020	18/05/2020	2022	m	X	24/24	//
Standing auditor	Cevasco Luisa (1)	1961	06/04/2021	06/04/2021	2022	n.a	X	24/24	//
Standing auditor	Soprano Luigi	1959	18/05/2020	18/05/2020	2022	M	X	24/24	//
Alternate auditor	Fallacara Francesco (1)	1964	06/04/2021	06/04/2021	2022	n.a.	X	n.a.	13
Alternate auditor	Vitali Piera (2)	1949	18/05/2020	18/05/2020	2022	m	X	n.a.	//
Auditors who resigned during the year									
//									
Minimum participation in the capital required for submission of lists for the final appointment: 1%									

NOTES

- (1) Auditors appointed by the Shareholders' Meeting of 6 April 2021, which resolved to fill the vacancies on the Board of Statutory Auditors, following the resignations of Standing Auditor Alessia Bastiani (on 26 January 2021) and Alternate Auditor Lorenzo Chieppa (on 11 September 2020).
- (2) Following the resignation of Statutory Auditor Alessia Bastiani on 26 January 2021, the Alternate Auditor Piera Vitali, as the only Alternate Auditor in office, took office as Standing Auditor on the same date and remained in office until the Shareholders' Meeting of 6 April 2021, date from which she returned to the office of Alternate Auditor.
- (*) Date on which the Auditor was first appointed to the Bank's Board of Statutory Auditors.
- (**) Auditor elected from the "majority" list or "minority" list. "n.a." means that the appointment was made without the use of list voting as provided for in the By-Laws.
- (***) Number of meetings (out of the total number held) attended by the Auditor.
- (****) Number of directorships or auditorships held as at 20 April 2023 by the individual that are significant pursuant to Article 148-bis of the TUF. The full list of offices is published by Consob on its website pursuant to Article 144-quinquiesdecies of Consob Issuer Regulation.

Table n. 4: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS (20 April – 31 December 2023)

Office	Members	Year of birth	Date of first appointment (*)	In office since	In office until Shareholders' Meeting called to approve the financial statements for	Lista (**)	Independence under Code	(***)	Number of other offices (****)
Chairperson	Ciai Enrico	1957	18/05/2020	20/04/2023	2025	m	X	21/21	//
Standing auditor	Cotone Pierpaolo (1)	1951	20/04/2023	15/05/2023	2023	M	X	19/19	//
Standing auditor	Linguanti Lavinia	1987	20/04/2023	20/04/2023	2025	M	X	21/21	//
Auditors who resigned during the year									
Standing auditor	Serrentino Roberto (1)	1961	20/04/2023	20/04/2023	2025	M	X	1/2	//
Alternate Auditor	Vitali Piera (2)	1949	18/05/2020	20/04/2023	2025	m	X	n.a.	//
Minimum participation in the capital required for submission of lists for the final appointment: 1%									

NOTE

- (1) Following the resignation of Standing Auditor, Roberto Serrentino, on 15 May 2023, the Alternate Auditor, Pierpaolo Cotone, took over as Standing Auditor until the next Shareholders' Meeting.
- (2) Piera Vitali resigned as Alternate Auditor on 2 May 2023. The next Shareholders' Meeting (called to approve the financial statements for the year 2023) will have to proceed with the necessary integration of the Board of Statutory Auditors in accordance with the provisions of Article 2401, paragraph 1 of the Italian Civil Code
- (*) Date on which the Auditor was first appointed to the Bank's Board of Statutory Auditors.
- (**) Auditor elected from the "majority" list or "minority" list. "n.a." means that the appointment was made without the use of list voting as provided for in the By-Laws.
- (***) Number of meetings (out of the total number held) attended by the Auditor.
- (****) Number of directorships or auditorships held as at 31 December 2023 by the individual that are significant pursuant to Article 148-bis of the TUF. The full list of offices is published by Consob on its website pursuant to Article 144-*quinquiesdecies* of Consob Issuer Regulation.

Definitions

231 Model: Organisation, management and control model for the prevention of crimes pursuant to Italian Legislative Decree 231/2001.

231 Supervisory Body/231 SB: Established by the Board of Directors to oversee the operation, compliance and updating of the Bank's organisational, management and control model pursuant to Italian Legislative Decree 231/2001.

BMPS/Banca/Parent Company/Issuer/Company: Banca Monte dei Paschi di Siena S.p.A., Parent Company of the Monte dei Paschi di Siena banking group, with registered office in Piazza Salimbeni, 3 – 53100 Siena (SI) – Italy.

Board Committees: The committees formed within the Board of Directors of the Issuer pursuant to Article 17 of the By-Laws.

Board Members/Directors: The members of the Board of Directors of the Issuer.

Board of Directors/Board: The Board of Directors of the Issuer.

Board of Statutory Auditors/Control Body: The Board of Statutory Auditors of the Issuer.

By-Laws: The current By-Laws of Banca Monte dei Paschi di Siena S.p.A., available at www.gruppompaschi.it/en-Governance-Model which entered into force following the amendments approved by the Extraordinary Shareholders' Meetings of 15 September 2022.

Civil Code: The Italian Civil Code pursuant to R.D. no. 262 of 16 March 1942.

Code/Corporate Governance Code: The Corporate Governance Code, approved by the Corporate Governance Committee on 31 January 2020, applicable as of January 2021.

Code of Ethics: The Code, approved by the Board of Directors, is the foundation of the Group's activities and sets out the guiding principles, values and rules of conduct (in addition to legal and regulatory obligations) that directors, auditors, management and employees of the Group, business partners, consultants and collaborators are required to abide by.

Companies with concentrated ownership: companies in which one or more shareholders

participating in a shareholders' voting agreement directly or indirectly (through subsidiaries, trustees or third parties) hold the majority of the votes that can be exercised in the ordinary Shareholders' Meeting. For this type of company, the Code provides for a proportional application of some of its Recommendations.

Consob Issuer Regulation: The Regulation for Issuers issued by Consob with its resolution no. 11971 of 14 May 1999.

Consob Related Parties Regulation: The Regulation for transactions with related parties issued by Consob with its resolution no. 17221 of 12 March 2010.

Consolidated Law on Banking/TUB (Testo Unico Bancario): Italian Legislative Decree no. 385 of 1 September 1993.

Consolidated Law on Finance/TUF (Testo Unico della Finanza): Italian Legislative Decree no. 58 of 24 February 1998.

Consolidated Law on the Statutory Audit of Accounts: Italian Legislative Decree no. 39 of 27 January 2010, implementing Directive 2006/43/EC).

Consolidated Non-Financial Statement/NFS: A group report published annually in compliance with the provisions of Articles 3 and 4 of Italian Legislative Decree no. 254 of 30 December 2016, concerning the disclosure of non-financial information useful for ensuring an understanding of the company's performance, its results and the positive and negative impacts of its activities. The report is published on the website www.gruppompaschi.it/en-Group-Sustainability-Reports.

Corporate Functions: the individual functions within the Bank's organisational structure, which perform the set of activities required to achieve the company purpose and objectives of the Issuer.

CRD Directive: Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, as subsequently amended, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.

Financial Reporting Officer: Manager in charge of drawing up the corporate accounting

documents pursuant to Article 154-bis of the Consolidated Law on Finance.

MEF Decree no.169/2020: "Regulation on requirements and eligibility criteria for the appointment of corporate officers of banks, financial intermediaries, collective guarantee financial consortia "Confidi", electronic money institutions, payment institutions and deposit guarantee schemes" issued by the Ministry of Economy and Finance with Decree no. 169 of 23 November 2020, effective for appointments after 30 December 2020.

Montepaschi Group/Group: Monte dei Paschi di Siena banking group of which the Issuer is the Parent Company.

Related-Parties Directive: "Group Directive on the management of regulatory compliance regarding related parties, connected persons and the obligations of banking officers" approved by the Board of Directors (most recently on 19 January 2022).

Remuneration Policy Report: Report on the remuneration policy and emoluments paid prepared in accordance with Article 123-ter TUF.

Report: the report on the corporate governance and shareholding structure of BMPS, drawn up in accordance with Article 123-bis of the TUF.

Shareholders' Meeting: Meeting of the shareholders of the Issuer.

Significant shareholder: the person who directly or indirectly (through subsidiaries, trustees or third parties) controls the Company or is able to exercise significant influence over it or who participates, directly or indirectly, in a shareholders' agreement through which one or more persons exercise control or significant influence over the company.

Supervisory Authorities: the national or EU authorities which perform supervisory functions over the Issuer's operations according to specific legal and regulatory provisions.

Supervisory Provisions on the Corporate Governance of Banks: Bank of Italy Circular no. 285/2013, Part I, Title IV, Chapter 1.

Supervisory Provisions on the Connected Persons: Bank of Italy Circular no. 285/2013, Chapter 11, Part III, on risk assets and conflicts of interest with respect to related parties.

Supervisory Provisions on Remuneration Policies and Practices in Banks and Banking groups: Bank of Italy Circular no. 285/2013, Part I, Title IV, Chapter 2.

Supervisory Provisions on the Internal Control System: Bank of Italy Circular no. 285/2013, Part I, Title IV, Chapter 3.

Sustainability (or sustainable development) and ESG: Sustainability is to be understood as a model of sustainable development aimed at creating long-term value for a company, its employees, its customers, the community and the social and environmental context in which it operates, capable of ensuring that the needs of the present generation are met without compromising the ability of future generations to meet their own needs. It develops along three dimensions: environmental (E), social (S) and governance (G). Specifically, the acronym ESG (Environment, Social, Governance) refers to non-financial criteria aimed at assessing the environmental impact, adherence to social values and aspects of good governance of an organisation in the conduct of its activities.

Sustainable Success: the objective that guides the actions of the Board of Directors and that consists of creating long-term value for the benefit of the shareholders, taking into account the interests of other stakeholders relevant to the company.

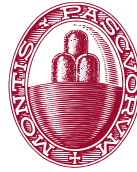
Top Management: senior managers who are not members of the Board of Directors and have the power and responsibility for planning, directing and controlling the activities of the company and the group it heads.

Year: the financial year to which the Report refers, ending 31 December 2023.

The definitions contained in the new Corporate Governance Code in force as of 1 January 2021 are also indicated in capital letters.

For the Sustainability-related items indicated in capital letters, please also refer to the definitions in the 'Group Sustainability and ESG Directive', published on the website www.gruppompaschi.it/en - Sustainability.

Even where not expressly indicated, any references to laws, regulations and provisions applicable, from time to time, to the Issuer, shall also refer to subsequent amendments or additions thereto.



MONTE DEI PASCHI DI SIENA

BANCA DAL 1472

**ENGLISH TRANSLATION FOR COURTESY PURPOSES ONLY.
IN CASE OF DISCREPANCIES BETWEEN THE ITALIAN VERSION AND THE ENGLISH VERSION,
THE ITALIAN VERSION SHALL PREVAIL.**

LEGAL INFORMATION

Banca Monte dei Paschi di Siena S.p.A.

Registered Office in Piazza Salimbeni, 3, Siena, Italy

Share Capital: € 7,453,450,788.44

Tax code and registration no. with the Arezzo – Siena Companies' Register: 00884060526 – MPS VAT Group – VAT no. 01483500524

Monte dei Paschi di Siena Banking Group – Bank Code 1030.6 – Group Code 1030.6

Registered in the Register of Banks at Bank of Italy under no. 5274

Member of the Italian Interbank Deposit Protection Fund and National Guarantee Fund

DIALOGUE WITH THE COMPANY

GROUP WEBSITE: www.gruppomps.it/en

COMMERCIAL WEBSITE: www.mps.it/en

Relations with shareholders, investors and stakeholders in the national and internal financial community

Contact point for areas covered by the Company's Dialogue Policy



www.gruppomps.it/en - Investor Relations

Investor Relations Staff Unit – Elisabetta Pozzi

E-mail: investor.relations@mps.it

Relations with shareholders and investors on Sustainability and ESG issues



www.gruppomps.it/en - Sustainability

Sustainability and ESG Staff Unit - Maria Costante

E-mail: sostenibilita@mps.it

Information on Corporate governance and relationships with shareholders regarding the Shareholders' Meeting



www.gruppomps.it - Corporate Governance

Group General Counsel Division - Riccardo Quagliana

E-mail: settore.societario@mps.it

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