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**SHAREHOLDERS' GUIDELINES
ON THE QUALITATIVE AND QUANTITATIVE
COMPOSITION OF THE BOARD OF DIRECTORS**



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1. INTRODUCTION

This document contains the Guidelines for Shareholders prepared by the Board of Directors (hereinafter also the “**Board**” or the “**Body**”) of Banca Monte dei Paschi di Siena S.p.A. (hereinafter also “**BMPS**” or the “**Bank**”), with the aim of identifying *ex ante* (*i.e.* before the appointment) the optimal qualitative and quantitative composition of the Board itself (hereinafter the “**Guidelines**”).

Upon renewal of the Board of Directors, following the annual self-assessment process, and, where applicable, upon replacement of a director during his/her term of office, the Board of Directors of the Bank, with the support of the Nominations Committee, identifies its own qualitative and quantitative composition deemed optimal for the effective performance of the tasks and responsibilities assigned to it by the law, the supervisory regulations and the By-Laws.

2. LAW AND REGULATORY FRAMEWORK

This Guidelines have been prepared in accordance with the provisions of the By-Laws of BMPS and taking into account the applicable laws, regulations and guidelines on the matter issued at national and European community level, which are listed below:

- Articles 147-*ter*, 147-*quinquies* and 148 of the Italian Legislative Decree No. 58 of 24 February 1998, (“**TUF**” or the “**Consolidated Financial Act**”);
- Article 26 of the Legislative Decree No. 385 of 1 September 1993 (“**TUB**” or the “**Consolidated Banking Act**”);
- Law No. 214 of 22 December 2011, Article 36 on “*Interlocking Directorship*” and related application *criteria* published by the Bank of Italy, Consob and ISVAP on 20 April 2012, as subsequently updated (“**Interlocking Prohibition**”);
- Decree of the Minister of Economy and Finance No. 169 of 23 November 2020, providing regulations on the requirements and criteria for suitability to hold the position of corporate officers of banks (“**MEF Decree**”);
- Decree of the Minister of Justice adopted in agreement with the Minister of the Treasury, Budget and Economic Planning No. 162 of 30 March 2000, providing regulation on the requirements for statutory auditors of listed companies;
- Part I, Title IV, Chapter 1, Section IV (Composition and appointment of corporate bodies) of the Bank of Italy Circular No. 285 of 17 December 2013 as subsequently amended (the “**Supervisory Provisions**”);
- Supervisory Provisions of the Bank of Italy relating to the procedure for assessing the suitability of the officers of banks, financial intermediaries, electronic money institutions, payment institutions and depositor guarantee systems dated 5 May 2021 (the “**Supervisory Provisions On Suitability Assessment Procedure**”);
- Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms;
- Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as subsequently amended (“**CRR**”);
- Directive 2014/95/EU (amending Directive 2013/34/EU) on disclosure of non-financial and diversity information (“**Sustainability Directive**” or “**CSRD**”);
- “Guide to fit & proper assessment” of the European Central Bank of December 2021 (“**ECB Guide**”);



- “EBA and ESMA Guidelines on the assessment of the suitability of members of the management body and key function holders of 2 July 2021” (“**EBA/ESMA Guidelines**”);
- “EBA Guidelines on internal governance” of 2 July 2021;
- “Guideline on the benchmarking of diversity practices, including diversity policies and gender pay gap, under Directive 2013/36/EU and Directive (EU) 2019/2034” (EBA/GL/2023/08) (“**Report EBA**”);
- ECB Guide on climate-related and environmental risks – Supervisory expectations for risk management and disclosures of November 2020 (“**ECB Guide on climate-related and environmental risks**”);
- Corporate Governance Code for Public Companies, approved by the Corporate Governance Committee of Borsa Italiana S.p.A. on 31 January 2020.

The Guidelines prepared by the Board of Directors with this document also consider the indications provided by the European Central Bank in the context of the supervisory discussions held with BMPS.

Pursuant to the Supervisory Provisions, the Boards of Directors of banks are required to identify their own qualitative and quantitative composition deemed optimal for the effective performance of the tasks and responsibilities entrusted to them by the law, the Supervisory Provisions and the company By-Laws.

As provided for by the general principles of the Supervisory Provisions:

- 1) **from a quantitative standpoint**, the number of members of the Corporate Bodies must be adequate to the size and complexity of the Bank’s organizational structure to ensure the functionality and non-plethoric nature of the body and to effectively oversight entire corporate operations with regard to management and controls;
- 2) **from a qualitative standpoint**, the correct performance of the functions that fall under the responsibility of the bodies with strategic supervision functions requires the presence of Officers who:
 - are fully aware of the powers and obligations inherent in the functions that each of them is called to perform (supervisory or management function; executive and non-executive functions; independent members, etc.);
 - possess professional skills appropriate for the role in question, including when involved in any internal Board committees, and calibrated in relation to the operational and dimensional characteristics of the bank;
 - possess skills spread among all members and appropriately diversified, so as to allow each member, within the committees of which he or she is a part and in collegial decisions, to effectively contribute to ensuring effective risk governance in all areas of the bank;
 - can commit sufficient time and resources to the complexity of their role;
 - direct their actions towards pursuing the overall interest of the bank, regardless of the shareholding component that voted for them or the list from which they are drawn, with the obligation to operate with full independence of mind.

With regard to the qualitative profile, the Bank’s Directors must be suitable for carrying out the role and therefore meet the requirements of professionalism, reputation and independence and comply with the *criteria* of competence, integrity and time commitment and the limits on the number of directorships set forth by the MEF Decree and the *pro-tempore* legislation in force at the time, including the specific skills and attitudinal profiles required by the



EBA-ESMA Guidelines and the ECB Guide on the assessment of suitability requirements, in consideration of the role and tasks and the position held by each Officer.

In accordance with the Supervisory Provisions On Suitability Assessment Procedure, the assessment of the suitability of the directors is carried out by the Board of Directors and submitted to the Supervisory Authority after the appointment, where the latter is the responsibility of the Shareholders' Meeting and, except in cases of exceptional urgency, before the appointment, where the latter is not under the responsibility of the Shareholders' Meeting.

Specific Bank's rules and regulations govern the phases and methods of carrying out the process of assessing the suitability of the Officers, conducted on the basis of the information provided by each of them and any other relevant information, also relying on information taken from reasonably accessible and available sources.

Supervisory Provisions require that attention must be paid to all members, executive and non-executive, as co-participants in the decisions made by the entire Board and called to perform an important dialectical and monitoring function on the choices made by the executive Officers

On the occasion of the renewal of the Board or the replacement of individual Directors during their term of office, the specific recommendations contained in the Guidelines represent the tool that the Bank makes available to Shareholders to submit, respectively, lists of candidates or individual candidatures in line with the composition deemed balanced *ex-ante* (i.e. before the appointment), also with reference to the degree of diversity in terms of gender, age, tenure of office, knowledge, skills and experience, background (academic, managerial or professional profile), any international experience/projection regardless of nationality; all of the above always in compliance with the priority objective of ensuring adequate competence and professionalism of the members of the Board, taking into account the size and operational complexity of the Montepaschi Group, the need for continuity and renewal of the Board, in accordance with the strategic objectives of the Bank and the Group.

3. GOVERNANCE AND STRUCTURE OF THE BOARD OF DIRECTORS

BMPS adopts the traditional system of administration and control, which provides that the management of the Bank is entrusted to the Board of Directors, appointed by the Shareholders' Meeting, and that the control functions are carried out by the Board of Statutory Auditors. The accounting audit, pursuant to current legislation, is instead entrusted to a legal auditing firm. Without prejudice to the foregoing, pursuant to the By-Laws, the Board of Directors:

- appoints from among its members the Chairperson and one or more Deputy Chairperson;
- establishes Internal Committees specialized in the matters and with the functions provided for by current legislation and by the provisions of the Bank of Italy and other Supervisory Authorities, determining their composition, responsibilities and operating methods (currently the Internal Board Committees of BMPS are: Risk and Sustainability Committee, Nominations Committee, Remuneration Committee, Related-Party Transactions Committee and IT and Digitalization Committee);
- appoints a General Manager (who is currently also the Chief Executive Officer);
- appoints one or more Chief Executive Officers from among its members.



4. QUANTITATIVE COMPOSITION

The Board of Directors in office, whose mandate will expire on the date of the Shareholders' Meeting approving the 2025 Financial Statements, was appointed by the Shareholders' Meeting of 20 April 2023, after determining the total number of its members in 15 (fifteen) Directors.

The Board of Directors, also in light of the self-assessment process, deems that this number is adequate in relation to the size, organizational complexity and operating dynamics of the Bank. In fact, the current size allows the members of the Board of Directors a more than adequate involvement in management activities and an appropriate development of the debate in the meetings.

It is also to be recalled that:

- regarding the minimum number of independent Directors, Circular No. 285/2013 of the Bank of Italy establishes that it must be at least one fourth of the members of the Board of Directors;
- Article 15 of the By-Laws also provides that at least one third of the elected Directors must meet the independence requirements established by the laws and regulations in force;
- in the event of renewal of the Board of Directors, in each list at least two candidates, or the only candidate, or in any case at least one third of the candidates, in case of lists with more than 6 candidates, specifically indicated, must meet the above-mentioned independence requirements.

Please note that the provisions on gender balance in force require that at least two fifths of the members of the Board of Directors must belong to the less represented gender.

Indeed, as required by supervisory regulations, an adequate degree of diversification, including in terms of age, gender and geographical provenance, promotes - among other things - a plurality of approaches and perspectives in the analysis of problems and in decision-making.

The Board of Directors of the Bank currently includes 11 independent Directors and 7 Directors that belong to the less represented gender.

5. QUALITATIVE COMPOSITION

The Board of Directors, in relation to its size, composition and functioning, emphasizes the importance of:

- ensuring that the Board of Directors, as a whole, has a solid and balanced combination of professional profiles with the necessary knowledge, skills and experiences, particularly first of all those gained in banking and risk management contexts;
- ensuring that all Directors possess absolute authority, independence of mind and personal and attitudinal characteristics that enable effective collaboration, positive dynamics and constructive dialogue within the Board;
- ensuring the presence of a number of Independent Directors higher than the minimum required by the By-Laws of the Bank, laws and regulations, and in line with the provisions of the Corporate Governance Code;
- further promoting diversity requirements, not only in terms of gender, but also in terms of professional skills and experiences, age diversification and sectoral backgrounds;



- when identifying profiles, considering both the theoretical knowledge acquired through studies or training courses, and the practical experience gained through specific professional activities carried out, as well as through other board or managerial positions.

In addition to professional characteristics, the Board also considers personal and attitudinal characteristics (commonly referred to as “soft skills”) as indicated by the EBA/ESMA Guidelines, as reported in Annex 1, maintaining that, in order to best perform the role of Director, the following character and personal qualities must be taken into consideration:

- social intelligence, relational and dialectical skills, sense of responsibility and loyalty;
- strategic vision;
- authority, leadership and ability to create a strong team spirit and cohesion;
- international vision accompanied by adequate knowledge of foreign languages and, in particular, English.

6. INDIVIDUAL REQUIREMENTS OF REPUTATION AND INTEGRITY CRITERIA

The members of the Board of Directors must be chosen from among individuals who satisfy the requirements of reputation set forth in Article 3 of the MEF Decree and the *criteria* of integrity set forth in Article 4 of the same MEF Decree.

With reference to the *criteria* of integrity, it is reminded that the occurrence of one or more of the situations indicated in the MEF Decree does not automatically entail the unsuitability of the officer, but requires an evaluation by the Board of Directors, considering the principles of sound and prudent management as well as the protection of the Bank’s reputation and public trust.

It is also recalled that the members of the Board of Directors must meet the reputation requirements established by the combined provisions of Articles 147-*quinquies* and 148, paragraph 4, of the TUF, and Article 2 of Ministerial Decree 162/2000.

For regulatory provisions and specific requirements of reputation and integrity *criteria*, please refer to the information provided in Annex 1.

7. PROFESSIONALISM REQUIREMENTS AND COMPETENCE *CRITERIA*

The members of the Board of Directors of the Bank must meet the requirements of professionalism set out in Article 7 of the MEF Decree, as well as the competence *criteria* set out in Article 10 of the same Decree, as reported in Annex 1.

Also in light of the provisions of EU legislation, each Director must possess both the theoretical knowledge and basic practical experience, preferably in the banking sector, in the following areas: (a) banking and financial markets, (b) regulatory framework and related legal obligations, (c) strategic planning, awareness of the company’s strategic guidelines or the business plan of a credit institution and its implementation, (d) risk management (identification, assessment, monitoring, control and methods of mitigation of the main types of risk of a credit institution), (e) accounting and auditing, (f) assessment of the effectiveness of the governance mechanisms of the credit institution, aimed at ensuring an effective system of supervision, direction and control, (g) interpretation of the financial data of a credit institution, identifying key issues and appropriate controls and measures based on such information.



In order to the above, are taken into consideration: the theoretical knowledge of the Directors, acquired through studies and training, practical experience measured considering the number of years of operation and the level of managerial and/or board experience gained in complex and significant organizational contexts in the banking and/or insurance and/or professional and/or academic and/or institutional sectors; experience within the boards of directors or control bodies of companies with adequate size and complexity and in general experience and knowledge necessary to understand the Bank's activity and the risks to which it is exposed.

To this end, candidates for the position of Director must prepare and attach their *curriculum vitae* in Italian and English together with their application, providing detailed information on:

- education and training in the relevant sectors identified;
- professional experience acquired through practical experiences, specifying the positions previously held, the operational sector and the role filled, the position held (e.g. offices, consultancy activities, employment work and performance of managerial activities), the duration and size of the entity.

In the event of specific and limited deficiencies, the Board of Directors may evaluate the adoption of measures necessary to address them, such as board induction activities.

8. INDEPENDENCE REQUIREMENTS

The Supervisory Provisions require that the body performing the function of strategic supervision (*i.e.* the Board of Directors) include independent individuals who oversee the company's management with independence of mind, contributing to ensuring that it is carried out in the interest of the company and in a manner consistent with the objectives of sound and prudent management.

In larger banks such as BMPS, the majority presence of independent members in the internal Board Committees with preparatory, advisory and proposal-making tasks facilitates the decision-making process, especially with reference to more complex activities or situations where the risk of conflicts of interest is higher.

Supervisory Provisions' aim is to ensure that - both in the appointment process, which involves multiple bodies and functions (Nominations Committee, Board of Directors, Shareholders' Meeting) and on an ongoing basis - the governing bodies include individuals capable of ensuring that the role assigned to them is carried out effectively. This requires that the professional skills to achieve this objective are clearly defined *ex ante* (*i.e.* before the appointment) - and possibly reviewed over time to address any emerging critical issues - and that the process of selection and appointment of the candidates takes these indications into account. The result of the analysis carried out by the corporate Bodies (Nominations Committee, Board of Directors) must be made available to shareholders in a timely manner advanced time so they can consider them when choosing candidates.

With respect to the regulatory provisions and the specific independence requirements, please refer to Annex 1.

Furthermore, in light of the principles and recommendations set forth in the Corporate Governance Code, as well as the provisions of the MEF Decree, regarding the independence requirement, it is necessary that there are no significant commercial, financial, patrimonial or professional relationships between the individual Director, the Bank and any related parties as indicated by the relevant legislation (Article 2, Recommendation No. 7 of the Corporate Governance Code; Articles 13 and 14 of the MEF Decree).



9. INCOMPATIBILITY

Article 15, paragraph 1 of the By-Laws of BMPS provides that: “ *Subject to removal from office, no BMPS director shall be entitled, at the same time, to hold the office of director or of member of the council of management or the supervisory board of competitor banks, which do not belong to the BMPS Group, have a banking license issued by the supervisory authority and operate in the markets of bank funding or ordinary credit in Italy. In the event that a BMPS director accepts to hold one of the abovementioned offices, he/ she must promptly notify the BMPS Board of Directors which will declare his/ her prompt removal from office*”.

Furthermore, in accordance with Article 36 of Legislative Decree 201/2011 (converted with amendments by Law 214/2011), the Board of Directors recommends that, for candidates for the position of Director of the Bank, it has been verified in advance that there are no causes of incompatibility prescribed by the aforementioned law (Interlocking Prohibition) or that any incompatibilities have been resolved in accordance with the applicable regulations.

10. INDEPENDENCE OF MIND AND ABSENCE OF CONFLICTS OF INTEREST

Pursuant to Article 15 of the MEF Decree, all Directors must act with full independence of mind and awareness of the duties and rights inherent to their office, in the interest of the sound and prudent management of the Bank and in compliance with the law and any other applicable regulations. Consideration must also be given to the relevant provisions on independence of mind and conflicts of interest of the Officers contained in Title III, paragraph 9.2, of the EBA/ESMA Guidelines and in Paragraph 3.3 of the ECB Guide.

11. TIME COMMITMENT AND LIMIT ON THE NUMBER OF DIRECTORSHIPS

In accordance with Article 16 of the MEF Decree and Principle XII of the Corporate Governance Code, Directors are required to dedicate adequate time to the performance of their duties.

In order to allow the Shareholders to properly assess the time commitment required from candidates for the position of Director and to enable candidates to correctly assess whether they are able to ensure proper preparation and participation in meetings, the Board of Directors has estimated the minimum time (in days/ per year) (“**Time Commitment**”) required from each Director in order to effectively participate in the work and meetings of the Board and internal Board Committees, based on the number of meetings and their average duration in relation to meetings held during the 2024 financial year.

Corporate Body	N° of Meetings	Duration average
Board of Directors	14	4 h and 54 min
Risk and Sustainability Committee	16	7 h and 15 min
Remuneration Committee	10	1 h and 25 min
Nominations Committee	19	1 h and 30 min
Related-Party Transactions Committee	9	1 h and 20 min
IT and Digitalisation Committee	12 (*)	2 h
Supervisory Body 231	9	2 h and 10 min

(*) Committee established in September 2024 which held 4 meetings in the year; it was assumed that the minimum frequency is monthly with an average duration equal to the 4 meetings held in 2024.



Based on the above, the estimated Time Commitment deemed necessary for effective participation in meetings by Directors is summarized in the following table:

ROLE	ESTIMATED BOARD OF DIRECTORS' COMMITMENT (DAYS PER YEAR)
Non executive Director	43
Board Internal Committee	
ROLE	ESTIMATED COMMITTEES' COMMITTEE (DAYS/YEAR)
Risk and Sustainability Committee Chairman	6
Risk and Sustainability Committee Member	32
Remuneration Committee Chairman	1
Remuneration Committee Member	7
Nominations Committee Chairman	2
Nominations Committee Member	14
Related-Party Transactions Committee Chairman	1
Transactions Committee Member	7
IT and Digitalisation Committee Chairman	1
IT and Digitalisation Committee Member	9
Supervisory Body 231	9
Education/ <i>Board Induction</i>	3

For the estimated time commitment required as Chairperson of the internal Board Committees, this is increased by 1/5 compared to the estimated days for a simple individual Committee member (for example, the Chairperson of the Risk and Sustainability Committee has 6 additional days added to the 32 days already provided for the members of this Committee).

For the determination of the Time Commitment, if a Director also serves as a member of an internal Board Committee, the estimated commitment of 43 days/per year for the Board of Directors (as indicated in the previous table) is reduced: (i) by 8 days/per year for participation in the Risk and Sustainability Committee and (ii) by 1 day/per year for participation in other internal Board Committees.

In addition to the time availability required, consideration must also be given to other positions, commitments, and work activities, while ensuring compliance with the limits on the number of directorships provided for by Article 17 of the MEF Decree, which establishes that each Director may hold a maximum of one executive position and two non-executive positions or four non-executive positions (including the one in BMPS). The *criteria* for exemptions and aggregation of positions (e.g. within the same group) are defined in the MEF Decree, as reported in Annex 1.

12. ADEQUATE COLLECTIVE COMPOSITION AND OVERALL SUITABILITY

In addition to the basic knowledge required by Article 10 of the MEF Decree and in order to achieve an adequate collective suitability and an adequate degree of diversification, the Board of Directors defines and provides with these Guidelines a “matrix” of skills, experiences and knowledge, which are deemed to be present in a diversified and adequate measure in accordance with the strategic objectives of the Bank and the Group and so that these can be pursued over time in order to guarantee the sound and prudent management of the Bank (the “**Skills Matrix**”).

The Skills Matrix indicates the level of distribution of individual knowledge, skills and experiences that are further qualifying compared to the basic ones referred to in Article 10 of the MEF Decree, required for the composition



of the lists of candidates or the presentation of individual candidacies in case of replacement during the mandate, to achieve an optimal qualitative composition of the Board of Directors and the related internal Board Committees; the structure of the matrix identifies three categories of skills to be possessed at an in-depth level, according to the desired level of distribution¹:

- 1) “very common” knowledge, experience and skills, required for the majority of the Directors;
- 2) “common” knowledge, experience and skills, required for approximately one third of the Directors;
- 3) “less common” knowledge, experience and skills, required only for some Directors, which are today essential in the knowledge and experience of the Board of Directors and the internal Board Committees, but which can, theoretically, be the property of a more limited number of Directors, given the high degree of specialization.

	Skills Matrix	Level of Distribution		
		Very common	Common	Less common
1	Banking and financial markets – Knowledge of the banking businesses in which the Montepaschi Group operates	X		
2	Regulation in the banking and financial sector - Regulatory framework and legal obligations arising therefrom	X		
3	Guidelines and strategic planning - Strategic planning and awareness of the company strategic direction or the business plan of a credit institution and related implementation	X		
4	Corporate governance and organizational structures	X		
5	Risk Management	X		
6	Internal control systems and other operational mechanisms		X	
7	Banking and Financial Activities and Products/Services		X	
8	Accounting and financial reporting - Accounting and auditing		X	
9	ICT, technology, cybersecurity and digital innovation		X	
10	ESG/Sustainability		X	
11	Knowledge of climate and environmental risks ²			X
12	Knowledge of remuneration policies		X	
13	Interpretation of an entity’s financial data, identifying issues, as well as adequate safeguards and measures based on such information based on such information	X		
14	Markets and insurance products and related regulation			X
15	Management of corporate entities in managerial and/or entrepreneurial roles in complex contexts, including non-financial ones		X	

¹ The term “in-depth level” of **skills** in relation to each subject, refers to: (i) with respect to **experience**, the **practical** and **professional** experiences effectively acquired at an executive or high-level managerial level in relation to specific roles and over a significant period of time; (ii) in relation to **knowledge**, those considered in-depth are those acquired through specific training courses and accompanied by a recognized professional profile and/or achieved through the acquisition of practical experiences (including multi-year ones in strategic supervisory bodies and internal board committees), as appropriately represented and certified in the *curriculum*.

² See for example “Guide on climate-related and environmental risks – Supervisory expectations for risk management and disclosure” European Central Bank, November 2020.



In order to ensure the optimal qualitative composition of the Board of Directors, in addition to the theoretical knowledge of the Directors, acquired through studies and training, it is required the presence of profiles with adequate practical experience, gained over a significant period of time on a multi-year basis (desirably at least three of the last ten years), considering also the level of managerial and/or board experience acquired and the specific role that each Director might cover (including any specific delegations, specific assignments and participation in the internal Board Committees).

The definition of these Guidelines is integral part and implementation tool of the Diversity Policy for the composition of corporate bodies adopted by the Bank pursuant to the applicable legislation (the “**Diversity Policy for Corporate Bodies**”).



ANNEX 1

DIRECTORS' REQUIREMENTS - REGULATORY FRAMEWORK



A) REPUTATION REQUIREMENTS

ARTICLE 3 MINISTERIAL DECREE NO. 169/2020 (“MEF DECREE”)

Individuals cannot hold the position of director, if they:

- a) are in a state of legal interdiction or in another of the situations provided for by Article 2382 of the Italian Civil Code;
- b) have been convicted by a final sentence, without prejudice to the effects of rehabilitation and revocation of the sentence for abolition of the crime pursuant to Article 673, paragraph 1, of the Italian Criminal Procedure Code:
 - 1) to a custodial restriction for an offence provided for by the legislation on corporate and bankruptcy matters, banking, finance, insurance, payment services, anti-money laundering, intermediaries authorized to provide investment services and collective savings management, markets and centralized management of financial instruments, appeals to public savings, issuers as well as for one of the crimes provided for by Articles 270-*bis*, 270-*ter*, 270-*quater*, 270-*quater.1*, 270-*quinquies*, 270-*quinquies.1*, 270-*quinquies.2*, 270-*sexies*, 416, 416-*bis*, 416-*ter*, 418 and 640 of the Italian Criminal Code;
 - 2) to imprisonment, for a period of not less than one year, for a crime against public administration, against public faith, against property, or in tax matters;
 - 3) to imprisonment for a period of not less than two years for any non-culpable crime;
- c) have been subject to preventive measures ordered by the judicial authority pursuant to Legislative Decree No. 159 of 6 September 2011, as subsequently amended, without prejudice to the effects of rehabilitation and revocation of the sentence for abolition of the crime pursuant to Article 673, paragraph 1, of the Italian Criminal Procedure Code;
- d) upon taking up office, they are in a state of temporary interdiction from holding management positions in legal entities and businesses or temporary or permanent interdiction from carrying out administrative, management and control functions pursuant to Article 144-*ter*, paragraph 3, of Legislative Decree No. 385 of 1 September 1993, as subsequently amended (“**TUB**” or “**Consolidated Banking Act**”) and Article 190-*bis*, paragraphs 3 and 3-*bis*, of the Legislative Decree No. 58 of 24 February 1998, as subsequently amended (“**TUF**” or “**Consolidated Financial Act**”), or in one of the situations referred to in Article 187-*quater* of the TUF.

Furthermore, individuals cannot hold the office of member of the Board of directors, if they have been applied by a final judgment, either at the request of the parties or following an abbreviated trial (without prejudice to the effects of rehabilitation and revocation of the judgment for abolition of the crime pursuant to Article 673, paragraph 1, of the Italian Criminal Procedure Code), one of the following penalties:

- a) from the provisions on corporate law and bankruptcy, banking, finance, insurance, payment services, anti-money laundering, intermediaries authorized to provide investment services and collective savings management, markets and centralized management of financial instruments, appeals to public savings, issuers as well as for one of the crimes provided for by Articles 270-*bis*, 270-*ter*, 270-*quater*, 270-*quater.1*, 270-*quinquies*, 270-*quinquies.1*, 270-*quinquies.2*, 270-*sexies*, 416, 416-*bis*, 416-*ter*, 418 and 640 of the Italian Criminal Code, except in the case of extinction of the crime pursuant to Article 445, paragraph 2, of the Italian Criminal Procedure Code;



b) to imprisonment, for a period of not less than one year, for a crime against the public administration, against public trust, against property, in tax laws, and/or to imprisonment for a period of not less than two years for any non-culpable crime, except in the case of extinction of the crime pursuant to Article 445, paragraph 2, of the Italian Criminal Procedure Code.

With reference to cases regulated in whole or in part by foreign legal systems, the verification of the absence of the above-mentioned conditions is carried out on the basis of an assessment of substantial equivalence.

ARTICLE 2 MINISTERIAL DECREE 162/2000

(applicable to Directors pursuant to the combined provisions of Articles 147-quinquies and 148, paragraph 4, of the TUF)

The position of director cannot be held by individuals who:

- a) have been subject to preventive measures ordered by the judicial authority pursuant to Law No. 1423 of 27 December 1956, or Law No. 575 of 31 May 1965, as subsequently amended, without prejudice to the effects of rehabilitation;
- b) have been sentenced with a final sentence, without prejudice to the effects of rehabilitation:
 1. to imprisonment for one of the crimes provided for by the provisions governing banking, financial and insurance activities and by the provisions on financial markets and instruments, tax law and payment instruments;
 2. to imprisonment for one of the crimes provided for in Title XI of Book V of the Italian Civil Code and in the Royal Decree No. 267 of 16 March 1942;
 3. to imprisonment for a period of not less than six months for a crime against public administration, public trust, property, public order and public economy;
 4. to imprisonment for a period of not less than one year for any non-culpable crime.

The office of director cannot be held by individuals to whom one of the penalties provided for in the previous letter b) has been applied, at the request of the parties, except in the case of extinction of the crime.

B) INTEGRITY CRITERIA

ARTICLES 4 AND 5 MEF DECREE

In addition to the reputation requirements, the officers shall satisfy *criteria* of integrity in their past personal and professional conduct.

For this purpose, the existence of the following elements is considered:

- a) criminal convictions imposed by sentences, even if not final; sentences, even if not final, which apply the penalty at the request of the parties or following an abbreviated trial, criminal conviction decrees, even if not final, and personal precautionary measures relating to an offence provided for by the provisions on the following matters: corporate, bankruptcies, banking, finance, insurance, payment services, usury, anti-money laundering, tax, intermediaries authorized to provide investment services and collective savings management, markets and centralized management of financial instruments, appeals to public savings, issuers as well as for one of the crimes provided for by Articles 270-*bis*, 270-*ter*, 270-*quater*, 270-*quater.1*, 270-*quinquies*, 270-*quinquies.1*, 270-*quinquies.2*, 270-*sexies*, 416, 416-*bis*, 416-*ter*, 418 and 640 of the Italian Criminal Code;



- b) criminal convictions imposed by sentences, even if not final; sentences, even if not final, which apply the penalty at the request of the parties or following an abbreviated trial, criminal conviction decrees, even if not final, and personal precautionary measures relating to crimes other than those referred to in letter a); application, even on a provisional basis, of one of the preventive measures ordered by the judicial authority pursuant to Legislative Decree No. 159 of 6 September 2011;
- c) final sentences of conviction for damages resulting from actions in the performance of duties in entities operating in the banking, financial, markets and securities, insurance and payment services sectors; final sentences of conviction for damages for administrative-accounting liability;
- d) administrative sanctions imposed on the officers for violations of regulations on corporate, banking, financial, securities, insurance, anti-money laundering, markets and payment instruments laws;
- e) forfeiture or precautionary measures ordered by the supervisory authorities or at their request; removal measures ordered pursuant to Articles 53-*bis*, paragraph 1, letter e), 67-*ter*, paragraph 1, letter e), 108, paragraph 3, letter d-*bis*), 114-*quinqies*, paragraph 3, letter d-*bis*), 114-*quaterdecies*, paragraph 3, letter d-*bis*), of the TUB, and Articles 7, paragraph 2-*bis*, and 12, paragraph 5-*ter*, of the TUF;
- f) performance of duties in entities operating in the banking, financial, securities markets, insurance and payment services sectors which have been subject to an administrative sanction, or a sanction pursuant to Legislative Decree No. 231 of 8 June 2001;
- g) holding offices in companies that have been subject to extraordinary administration, resolution procedures, bankruptcy or compulsory administrative liquidation, collective removal of members of the management and control bodies, revocation of the authorization pursuant to Article 113-*ter* of the TUB, cancellation pursuant to Article 112-*bis*, paragraph 4, letter b), of the TUB or equivalent procedures;
- h) suspension or cancellation from registers, cancellation (adopted as a disciplinary measure) from professional lists and orders imposed by the competent authorities; revocation measures for just cause from positions held in management, administration and control bodies; similar measures adopted by bodies responsible for managing registers and lists, as required by law;
- i) negative assessment by an administrative authority regarding the suitability of the officer in the context of authorization procedures set forth by laws and regulations on the following matters: corporate, banking, financial, securities, insurance, markets and payment services;
- l) ongoing investigations and criminal proceedings related to the crimes referred to in letters a) and b);
- m) negative information about the officer contained in the Bank Risks Bureau (*Centrale dei Rischi*) established pursuant to Article 53 of the TUB; in this respect, negative information means information relating to the officer even when he or she is not acting as a consumer, which is relevant for fulfilling the obligations under Article 125, paragraph 3 of the TUB.

With respect to cases governed, in whole or in part, by foreign legal systems, the verification of the existence of the above-mentioned situations is carried out on the basis of an assessment of substantial equivalence.

The occurrence of one or more of the above-mentioned situations does not automatically imply the unsuitability of the officer, but requires an assessment by the board of directors.



The assessment is conducted considering the principles of sound and prudent management, as well as the protection of the bank's reputation and public trust.

Consideration is given, *inter alia*, to: i) the objective seriousness of the facts committed or alleged, ii) the frequency of the behaviors, iii) the stage of the appeal procedure of the administrative sanction; iv) the stage and degree of the criminal proceedings, v) the type and amount of the imposed sanction, vi) the period of time elapsed between the occurrence of the disputed fact and the appointment resolution, vii) the level of cooperation with the competent body or authority; viii) the degree of responsibility of the officer in the violation, ix) the relevance of the facts connected with the banking and financial sector.

In any case, the *criterion* of integrity is not satisfied when one or more of the situations listed above outline a serious, precise and consistent pattern of conduct that conflicts with the objectives of sound and prudent management, as well as with the protection of the bank's reputation and public trust.

C) PROFESSIONALISM REQUIREMENTS

ARTICLE 7 MEF DECREE

Officers with executive roles must be chosen from among individuals who have exercised, for at least three years, even alternatively:

- a) administration or control activities or managerial functions in banking, financial, securities or insurance sectors;
- b) administration or control activities or managerial functions in listed companies or companies with a size and complexity greater than or comparable (in terms of turnover, nature and complexity of the organization or activity carried out) to that of the bank.

Non-executive directors are chosen from among individuals who meet the above requirements or have exercised, for at least three years, even alternatively:

- a) professional activities in matters relating to the credit, financial, securities, insurance sectors or otherwise functional to the bank's activity; the professional activity must be characterized by adequate levels of complexity also with reference to the recipients of the services provided and must be carried out on a continuous and significant basis in the sectors mentioned above;
- b) university teaching activities, as a first or second level professor, in legal or economic subjects or in other subjects functionally related to the activity of the credit, financial, securities or insurance sectors;
- c) managerial, executive or top management functions, however named, in public bodies or public administrations related to the credit, financial, securities or insurance sectors and provided that the body in which the officer performed such functions has a size and complexity comparable to that of the bank.

The chairperson of the board of directors is a non-executive director, who has gained an overall experience of at least two years more than the requirements set out above.

The chief executive officer and the general manager must be chosen from among individuals with specific experience in the credit, financial, securities or insurance matters, gained through administration or control activities or managerial duties for a period of not less than five years in the credit, financial, securities or insurance



sectors, or in listed companies or companies with a size and complexity greater than or comparable (in terms of turnover, nature and complexity of the organization or activity carried out) to that of the bank.

For the purposes of meeting the above requirements, it is taking into account the experience gained over the twenty years prior to assuming the role; experiences gained simultaneously in more than one role are counted only for the period of time in which they were carried out, without cumulating counting.

D) COMPETENCE CRITERIA

ARTICLE 10 MEF DECREE

In addition to the professional requirements, the officers shall satisfy competence criteria aimed at proving their suitability to take on the position, considering the tasks inherent to the role covered and the dimensional and operational characteristics of the bank. For these purposes, theoretical knowledge - acquired through studies and training - and practical experience, gained through the performance of previous or ongoing work activities, are taken into consideration. Therefore, it is necessary that:

a) both theoretical knowledge and practical experience are considered in more than one of the following areas: 1) financial markets; 2) banking and financial regulations; 3) guidelines and strategic planning; 4) corporate governance and organizational structures; 5) risk management (identification, assessment, monitoring, control and mitigation of the main types of risk of a bank, including the responsibilities of the officer in these processes); 6) internal control systems and other operational mechanisms; 7) banking and financial activities and products; 8) accounting and financial reporting; 9) information technology;

b) it is assessed whether the theoretical knowledge and practical experience under a) is suitable with respect to: 1) the tasks inherent to the role covered by the officer and any specific delegations or attributions, including participation in internal board committees; 2) the characteristics of the bank, in terms of, amongst other, size, complexity, type of activities carried out and related risks, reference markets, countries in which it operates.

Moreover, for the position of chairperson of the board of directors, experience gained in coordinating, directing or managing human resources is also assessed to ensure the effective performance of the functions of coordination and direction of the work of the board of directors, promotion of its adequate functioning, also in terms of circulation of information, effectiveness of discussions and encouraging internal dialogue, as well as ensuring the adequate collective composition of the Board.

The competence *criterion* is not satisfied when the information acquired regarding theoretical knowledge and practical experience outlines a serious, precise and consistent pattern of the officer's unsuitability to hold the position. In the case of specific and limited deficiencies, the board of directors may take necessary measures to address them.

E) INDEPENDENCE REQUIREMENTS

ARTICLE 148 LEGISLATIVE DECREE No. 58/98 ("TUF")

(applicable to Directors pursuant to Article 147-ter, paragraph 4, of the TUF)

The following individuals cannot be elected member of the board of auditors and, if elected, they shall forfeit their office:

a) persons who are in the conditions specified in Article 2382 of the Italian Civil Code;



- b) spouses, relatives and relatives-in-law within the fourth degree of the directors of the company; the directors, spouses, relatives and the relatives-in-law within the fourth degree of the directors of the companies controlled by it, the companies that control it and those subject to common control;
- c) persons who are linked to the company, or the companies controlled by it, or the companies that control it or those under common control or to directors of the company and the individuals mentioned in letter b) by self-employment or employee relationships or by other relationships of an economic or professional nature that compromise their independence.

ARTICLE 13 MEF DECREE

A non-executive director is considered independent if none of the following situations apply:

- a) is a spouse, not legally separated, joined in a civil union or de facto cohabitation, a relative or relative in-law within the fourth degree: 1) of the chairperson of the board of directors and of the officers of the bank with executive roles; 2) of the heads of the main functions of the bank; 3) of persons who find themselves in the conditions referred to in the following letters;
- b) is a bank's significant shareholder;
- c) holds or has held in the last two years at a bank's significant shareholder or companies controlled by the bank, positions as chairperson of the board of directors, management or supervisory board or officer with executive duties, or has held, for more than nine years in the last twelve, positions as member of the board of directors, supervisory or management board as well as management functions at a significant shareholder in the bank or companies controlled by the bank;
- d) has held in the last two years the position of officer with executive duties in the bank;
- e) holds the position as an independent director in another bank of the same banking group, except in the case of banks among which there are direct or indirect, 100% controlling relationships;
- f) has held, for more than nine years in the last twelve, positions as a member of the board of directors or as manager at the bank;
- g) is an officer with executive responsibilities in a company in which an officer of the bank with executive responsibilities holds the position as member of the board of directors or manager of the management body;
- h) maintains, directly or indirectly, or has maintained in the two years prior to taking office, self-employment or employment relationships or other financial, patrimonial or professional relationships, even if on a non-continuous basis, with the bank or its directors with executive roles or its chairperson, with companies controlled by the bank or its directors with executive roles or their chairpersons, or with a bank's significant shareholder or its directors with executive roles or its chairperson, such that it compromises his/her independence;
- i) holds or has held in the last two years one or more of the following positions:
- 1) member of the Italian and European Parliament, of the Italian Government or of the European Commission;
 - 2) regional, provincial or municipal assessor or councilor, chairperson of the regional council, chairperson of the province, mayor, chairperson or member of the district council, chairperson or member of the board of directors of *consortia* between local authorities, chairman or member of the councils or boards of unions of



municipalities, board member or chairperson of special companies or institutions referred to in Article 114 of Legislative Decree No. 267 of 18 August 2000, mayor or councilor of metropolitan cities, chairperson or member of the bodies of mountain or island communities, when the overlap or contiguity between the territorial scope of reference of the entity in which the aforementioned positions are held and the territorial structure of the bank or banking group to which they belong are such that it compromises his/her independence.

For positions held in non-corporate entities, the above provisions apply to individuals holding equivalent roles within the entity.

Failure to meet the requirements will entail the forfeiture of the office of independent director. If, following the forfeiture, the residual number of independent directors in the body is sufficient to ensure compliance with the corporate governance provisions for banks implementing the TUB or other provisions that establish a minimum number of independent directors, the director who does not meet the requirements set out in this Article 13, unless otherwise provided in the by-laws, shall maintain the office of non-independent director.

CORPORATE GOVERNANCE CODE

Definitions

“Independent Directors”: non-executive directors who do not enter into, nor have recently had, even indirectly, relations with the company or with subjects related to the latter, such as to condition their current autonomy of judgment.

Recommendation No. 6

The board of directors assesses the independence of each non-executive director immediately after his or her appointment. The assessment is renewed during the mandate upon the occurrence of circumstances that concern his or her independence and at least once a year.

Each non-executive director provides all the elements necessary or useful for the assessment of the board of directors. On the basis of all the information available, the board considers any circumstance that affects or could affect the independence of the director.

Recommendation No. 7

The circumstances that jeopardise, or appear to jeopardise, the independence of a director are at least the following:

- a) if he or she is a significant shareholder of the company;
- b) if he or she is, or was in the previous three financial years, an executive director or an employee: i) of the company, ii) of its subsidiary having strategic relevance or of a company subject to joint control; iii) of a significant shareholder of the company;
- c) if he or she has, or had in the previous three financial years, a significant commercial, financial or professional relationship, directly or indirectly (for example through subsidiaries, or through companies of which he or she is an executive director, or as a partner of a professional or a consulting firm): i) with the company or its subsidiaries, or with their executive directors or top management; ii) with a subject who, also together with others through a



shareholders' agreement, controls the company; or, if the control is held by a company or another entity, with its executive directors or top management;

d) if he or she receives, or received in the previous three financial years, from the company, one of its subsidiaries or the parent company, significant remuneration other than the fixed remuneration for the position held within the board and for the membership in the committees recommended by the Code or required by law;

e) if he or she has served on the board for more than nine years, even if not consecutive, of the last twelve years;

f) if he or she holds the position of executive director in another company whereby an executive director of the company holds the office of director;

g) if he or she is a shareholder, quota-holder or director of a company or other legal entity belonging to the network of the external auditor of the company;

h) if he or she is a close relative of a person who is in any of the circumstances set forth in previous letters.

The board of directors defines *ex ante*, at least at the beginning of its mandate, the quantitative and qualitative criteria for assessing the significance of the situations set forth above in letters c) and d).

If the director is also a partner in a professional or a consulting firm, the board of directors assesses the significance of the professional relationships that may have an effect on his or her position and role within the professional or the consulting firm and in any event those pertaining to important transactions of the company and the group it heads, even regardless of the quantitative parameters.

Taking into account the principles and recommendations set forth in the Corporate Governance Code, as well as the provisions of the MEF Decree and any applicable legislation, relating to the independence requirement, it is necessary that there are no significant commercial, financial, patrimonial or professional relationships between the individual director and the subjects indicated by the legislation (Article 2, Recommendation No. 7 of the Corporate Governance Code; Articles 13 and 14 of the MEF Decree).

In order for the independence requirement to be met, it is therefore necessary that the director does not have, directly or indirectly (for example through subsidiaries, trust companies, through third parties or on the basis of agreements of any form concluded having as their object or effect the concerted exercise of the relevant control rights, or through companies of which he is an executive director, or a partner in a professional firm or consultancy firm), or has not had in the past three financial years prior to taking office, self-employment or employment relationships or other commercial, financial, investment or professional relationships, even if not on an on-going basis (“**Significant Relationships**”), with the bank or its executive officers or its chairman or top management (to be identified in line with the indications of the Corporate Governance Code and with the legislation in force from time to time), with the Bank’s subsidiaries or its executive officers or their chairmen, or with a significant shareholder of the Bank or its executive officers or its chairman or top management.

In assessing the independence requirements, various *criteria* are to be considered, including: type and nature of the Significant Relationships, amount and consideration of the transactions referring to the Significant Relationships and subjective elements (*e.g.*, 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).



In assessing the significance of the Significant Relationships, the board of directors, on the basis of the elements made available by the assessed entity, the information provided by the director, takes in account:

- 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 Board of directors of the bank, pursuant to Recommendation No. 7 of the Corporate Governance Code and Article 13, paragraph 1, letter h) of the MEF Decree with regard to financial, credit, investment and professional/commercial relationships, has identified the relationships that may compromise the formal and judgmental independence of the directors by identifying: (i) materiality/significance thresholds, below which it is believed that it can be reasonably excluded that the relationships are such as to jeopardize the independence of the Officers, and (ii) tolerance thresholds, beyond which the relationships themselves are deemed relevant for this purpose.

The bank develops and submits to each Officer specific questionnaires to acquire the information necessary to assess the independence requirement, including that relating to the existence of any Significant Relationships or other situations of conflict of interest pursuant to the provisions of the MEF Decree and the guidelines and indications of the Supervisory Authorities, as well as any other applicable internal or external regulations.

F) INDEPENDENCE OF MIND

ARTICLE 15 MEF DECREE

All officers act with full independence of mind and awareness of the duties and rights inherent to their role, in the interest of the sound and prudent management of the bank and in compliance with the law and any other applicable regulation. To this end, all directors communicate to the board of directors the information regarding the situations indicated in letters a), b), c), h) and i) of Article 13 of the MEF Decree regarding independence requirements and the reasons why, in their opinion, those situations do not concretely affect their independence of mind.

The board of directors assesses the independence of mind of the officer in the light of the information and reasons provided by the officer and verifies whether the safeguards required by law and regulations, as well as any additional organizational or procedural measures adopted by the bank or the officer himself, are effective in dealing with the risk that the above situations could affect the Officer's independence of mind or the decisions of the board of directors. The safeguards provided by the following Articles are particularly relevant: 2391 and 2391-*bis* of the Italian Civil Code and related implementing provisions; Chapter IX of Title V of Book V of the Civil Code; 53, paragraphs 4 and 4-*quater*, and 136 of the TUB and related implementing provisions; 6, paragraph 2-*novies*, of the



TUF; Article 36 of Legislative Decree No. 201 of 6 December 2011, converted with amendments by Law No. 214 of 22 December 2011.

If the existing safeguards are not deemed sufficient, the board of directors may: (i) identify additional and more effective ones; (ii) modify the specific duties and roles assigned to the officer, including any delegated powers, in a manner consistent with the objective of ensuring the sound and prudent management of the bank. If such measures are not adopted or are insufficient to eliminate the existing shortcomings, the board of directors declares the officer's forfeiture from office.

The board of directors verifies the effectiveness of the safeguards and the measures adopted to preserve the officer's independence of mind, also in light of the Officer's behavior in performing the office .

G) TIME COMMITMENT

ARTICLE 16 MEF DECREE

Each director shall commit sufficient time to perform his/her function. Upon appointment and promptly in the event of supervening events, he/she shall inform the board of directors of the offices held in other companies, businesses or entities, other job-related and professional activities carried out and other situations or events pertaining to the professional sphere that may affect his/her time commitment, specifying the time that these tasks, activities, events or situations require.

The bank ensures that the officer is aware of the time deemed necessary by the bank to effectively perform their functions.

Based on the information obtained, the board of directors assesses whether the time that each officer can dedicate is suitable to perform their functions.

If the officer declares in writing that he/she can commit at least the time estimated as necessary by the bank, the assessment above mentioned may be omitted, provided that all of the following conditions are met:

- i. the offices held by the officer do not exceed the limit on the number of directorships indicated in the following paragraph;
- ii. this condition is respected without benefiting from the provisions of Articles 18 and 19 of the MEF Decree (also detailed in the following paragraph);
- iii. the officer does not hold the office of chief executive officer or general manager nor is he/she the chairperson of a corporate body or committee.

The board of directors verifies the suitability of the time dedicated by the officers to their role, also in light of their presence at meetings of the corporate bodies or committees.

If the time commitment is not sufficient, the board of directors request the officer to give up one or more offices or activities or to undertake specific commitments suitable for increasing his/her time commitment, or adopt measures including the revocation of specific delegated powers or tasks or the exclusion of the officer from committees. In any case, the assessment relating to time commitment is not relevant on its own for the decision on the forfeiture of the officer, but contributes to the assessment of the officer's suitability.



H) LIMITS ON THE NUMBER OF DIRECTORSHIPS

ARTICLES 17, 18 AND 19 MEF DECREE

Each officer of the bank may not assume a total number of positions in banks or other commercial companies exceeding one of the following alternative combinations:

- a) n. 1 executive position and n. 2 non-executive positions;
- b) n. 4 non-executive positions.

For the purposes of calculating the aforementioned limits, the position held in the bank is included.

The board of directors declares the forfeiture if it ascertains that the limit on the number of directorships has been exceeded and the officer concerned does not give up the position or positions that determine the exceeding of the limit within 30 days of the appointment or of the knowledge that the limit has been exceeded.

The limits on the number of directorships do not apply to officers who hold positions in the bank representing the State or other public entities

For the purposes of calculating the limits on the number of directorships, positions held by the officer are not considered:

- in companies or entities whose sole purpose consists in the management of the private interests of an officer or of the spouse who is not legally separated, a person linked in a civil union or *de facto* cohabitation, a relative or in-law within the fourth degree and which do not require any type of day-to-day management by the officer concerned;
- as a partner in a professional firm;
- as an alternate auditor.

For the purposes of calculating the limits on the number of directorships, the set of positions held in each of the following cases is considered as a single position:

- within the same group;
- within banks belonging to the same institutional protection scheme;
- within non-group entities, in which the bank holds a qualifying holding as defined in Regulation (EU) No. 575/2013, Article 4(1), point 36.

If more than one of the cases listed above occurs at the same time, the positions are added together by cumulating with each other. The set of positions computed as a single one is considered as an executive position if at least one of the positions held in the aforementioned situations is executive; in other cases, it is considered as a non-executive position.

To this end, the board of directors considers, amongst others: (i) the circumstance that the officer holds an executive position in the bank or is a member of internal board committees; (ii) the size, activity and complexity of the bank or other commercial company where the additional position would be taken on; (iii) the duration of the additional position; (iv) the level of expertise acquired by the officer for carrying out the position in the bank and any synergies between the different positions.



The additional non-executive position cannot benefit from the application of the aforementioned counting rules.

The assumption of an additional non-executive position, with respect to the limits indicated in this paragraph, is permitted, provided that it does not prejudice the possibility for the officer to dedicate adequate time to the position at the bank to effectively carry out his/her functions.

The additional non-executive position is not permitted to the officer who: (i) holds the role of chief executive officer, general manager or chairperson of the board of directors, the board of statutory auditors or internal board committees at the bank; (ii) benefits, for the other positions, from the application of the counting rules mentioned above.

If the limits on the number of directorships are exceeded and this excess continues for more than 30 days from the appointment, the board, with the abstention of the officer concerned, declares the forfeiture of the officer himself.

I) INTERLOCKING PROHIBITION

ARTICLE 36 LEGISLATIVE DECREE 201/2011 CONVERTED IN L. 214/2011

Article 36 of Legislative Decree 201/2011 converted into Law 214/2011 establishes:

“1. Holders of positions in management, supervisory and control bodies and top officials of companies or groups of companies operating in the banking, insurance and financial markets are prohibited from assuming or exercising similar positions in competing companies or groups of companies.

2. For the purposes of the prohibition referred to in paragraph 1, competitors are understood to be companies or groups of companies between which there are no control relationships pursuant to Article 7 of Law 10 October 1990, No. 287 and which operate in the same product and geographical markets.

2-bis. In the case referred to in paragraph 1, holders of incompatible positions may opt within 90 days of appointment. If this term elapses without result, they lose both positions and the forfeiture is declared by the competent bodies of the interested organizations within thirty days of the expiry of the term or of the knowledge of the non-compliance with the prohibition. In case of *inertia*, the forfeiture is declared by the competent Supervisory Authority”.

In accordance with this regulatory provision, the board of directors of the Bank is required to carry out, with the support of the appointment committee, the necessary checks regarding the prohibition of interlocking in relation to the appointed directors, in addition to its own assessments regarding the suitability and requirements for carrying out the office”.

More specifically, the board of directors is required to assess the existence of any cross-directorships in violation of the regulations on the prohibition of interlocking provided for by the aforementioned Article 36.

In fact, the board of director is responsible for verifying the individual positions regarding the directors, the effective statutory auditors (excluding the substitute auditors) and the general manager, on the basis of the declaration issued by each interested officer, certifying their subjective situation in relation to any relevant hypotheses pursuant to the regulations referred to in Article 36.

The prohibition of interlocking applies only to the accumulation of positions in companies or groups of companies operating in the banking, insurance or financial markets, which are competitors.



For the purposes of applying the prohibition, two conditions must be met for there to be a competitive relationship:

- a) the companies or groups of companies involved are not linked to each other by control relationships pursuant to Article 7 of Law No. 287/1990;
- b) the companies or groups of companies involved operate in the same product and geographic markets.

The *criteria* for the application of the Interlocking Prohibition are reported in the joint document issued by the Bank of Italy-Consob-IVASS in 2012 and subsequently updated in 2018 and 2024.

L) CRITERIA FOR ADEQUATE COLLECTIVE COMPOSITION OF CORPORATE BODIES

ARTICLE 11 MEF DECREE

The composition of the board of directors must be adequately diversified in order to: promote discussion and internal dialectics within the corporate bodies; promote the emergence of a plurality of approaches and perspectives in the analysis of issues and in making decisions; effectively support corporate processes for developing strategies, performing activities and managing risks, and monitoring senior management work; and taking into account the multiple interests that contribute to the sound and prudent management of the bank.

To this end, it must be considered the presence on the board of directors of members: (i) diversified in terms of age, gender, tenure in office and, for banks with significant presence international markets, geographical origin of the members; (ii) whose skills, collectively considered, are suitable to achieve the objectives indicated above; and (iii) adequate, in number, to ensure functionality and non-plethoric nature of the board itself.

In ensuring compliance with the above objectives, account is taken, among other things, of the legal form of the bank, the type of business carried out, the ownership structure, membership of a banking group, and the constraints arising from legal and regulatory provisions on the composition of the board of directors.

To this end, the board of directors identifies in advance its optimal qualitative and quantitative composition to achieve the above objectives and subsequently verifies the correspondence between this one and the actual composition resulting from the appointment process.

In the event of deficiencies, the board of directors shall adopt measures necessary to address them, including: (i) modifying the specific tasks and roles assigned to the directors, including any delegations, in a manner consistent with the objectives set out in this paragraph; (ii) defining and implementing suitable training plans. If such measures are not effective to restore an adequate collective composition of the board of directors, the latter shall formulate recommendations to the Shareholders' meeting to overcome the identified deficiencies.

M) INDIVIDUAL CHARACTERISTICS

EBA/ESMA GUIDELINES³

Individual and attitudinal characteristics:

- a. **Authenticity:** is consistent in word and deed and behaves in accordance with own stated values and beliefs. Openly communicates his or her intentions, ideas and feelings, encourages an environment of openness and

³ Annex II –EBA/ESMA Guidelines (italian version)



honesty, and correctly informs the supervisor about the actual situation, at the same time acknowledging risks and problems.

- b. **Language:** is able to communicate orally in a structured and conventional way and write in the national language or the working language of the institution's location.
- c. **Decisiveness:** takes timely and well-informed decisions by acting promptly or by committing to a particular course of action, for example by expressing his or her views and not procrastinating.
- d. **Communication:** is capable of conveying a message in an understandable and acceptable manner, and in an appropriate form. Focuses on providing and obtaining clarity and transparency and encourages active feedback.
- e. **Judgement:** is capable of weighing up data and different courses of action and coming to a logical conclusion. Examines, recognises and understands the essential elements and issues. Has the breadth of vision to look beyond his or her own area of responsibility, especially when dealing with problems that may jeopardise the continuity of the undertaking.
- f. **Customer and quality-oriented:** focuses on providing quality and, wherever possible, finding ways of improving this. Specifically, this means withholding consent from the development and marketing of products and services and to capital expenditure, e.g. on products, office buildings or holdings, in circumstances where he or she is unable to gauge the risks properly owing to a lack of understanding of the architecture, principles or basic assumptions. Identifies and studies the wishes and needs of customers, ensures that customers run no unnecessary risks and arranges for the provision of correct, complete and balanced information to customers.
- g. **Leadership:** provides direction and guidance to a group, develops and maintains teamwork, motivates and encourages the available human resources and ensures that members of staff have the professional competence to achieve a particular goal. Is receptive to criticism and provides scope for critical debate
- h. **Loyalty:** identifies with the undertaking and has a sense of involvement. Shows that he or she can devote sufficient time to the job and can discharge his or her duties properly, defends the interests of the undertaking and operates objectively and critically. Recognises and anticipates potential conflicts of personal and business interest.
- i. **External awareness:** monitors developments, power bases and attitudes within the undertaking. Is well informed on relevant financial, economic, social and other developments at national and international level that may affect the undertaking and also on the interests of stakeholders and is able to put this information to effective use.
- j. **Negotiating:** identifies and reveals common interests in a manner designed to build consensus, while pursuing the negotiation objectives.
- k. **Persuasive:** is capable of influencing the views of others by exercising persuasive powers and using natural authority and tact. Is a strong personality and capable of standing firm.
- l. **Teamwork:** is aware of the group interest and makes a contribution to the common result; able to function as part of a team.
- m. **Strategic acumen:** is capable of developing a realistic vision of future developments and translating this into long-term objectives, for example by applying scenario analysis. In doing so, takes proper account of risks that the undertaking is exposed to and takes appropriate measures to control them.
- n. **Stress resistance:** is resilient and able to perform consistently even when under great pressure and in times of uncertainty.



- o. **Sense of responsibility:** understands internal and external interests, evaluates them carefully and renders account for them. Has the capacity to learn and realises that his or her actions affect the interests of stakeholders.
- p. **Chairing meetings:** is capable of chairing meetings efficiently and effectively and creating an open atmosphere that encourages everyone to participate on an equal footing; is aware of other people's duties and responsibilities