



WHEN TRUST MATTERS



BANCA MONTE DEI PASCHI DI SIENA GREEN, SOCIAL AND SUSTAINABILITY BOND FRAMEWORK



**MONTE
DEI PASCHI
DI SIENA**
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Disclaimer

Our assessment relies on the premise that the data and information provided by the client to us as part of our review procedures have been provided in good faith. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per scope of work. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Statement.

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¹ DNV Code of Conduct is available from DNV website (www.dnv.com)

DNV'S INDEPENDENT ASSESSMENT

Scope and objectives

Banca Monte dei Paschi di Siena S.p.A. (hereafter referred to as "Banca MPS" or "BMPS") founded in 1472 in Siena, Italy, is considered the world's oldest bank still in operation. The history of Monte dei Paschi is firmly rooted in its surrounding areas. As of the date of the Framework, the Ministry of Economy and Finance is BMPS's majority shareholder. Banca MPS is the Parent Company of the Montepaschi Group – one of the major Italian banking groups with significant market shares in the business areas in which it operates such as leasing, factoring, corporate finance and investment banking.

With 16,737 employees², the Group operates across Italy and integrates the traditional retail and commercial banking services offered through fully-owned branches with a digital service system enhanced by a network of highly skilled financial advisors working at Widiba Bank.

The Group's main subsidiaries are:

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

Sustainable development and social justice have always been part of the Group's *raison d'être*. Following the launch of the new Business Plan 2022-2026, "A clear and simple commercial bank", the strategy of Monte dei Paschi is even further shaped by sustainability. The MPS Group aims to actively contribute to the ongoing economic and social transformation through the development and promotion of products with environmental and social features³. At the end of February 2024, the Board of Directors of MPS Group approved a new ESG lending framework, setting out guidelines for the integration of ESG factors into the Group's lending activities, the offering of investment services and funding activities.

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

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

DNV Business Assurance Italy S.r.l. ("DNV") has been commissioned by Banca MPS to provide an eligibility assessment of the Framework against the International Capital Market Association's ("ICMA") Green Bond Principles 2021 (2022 appendix) ("GBP"), the 2023 edition of the Social Bond Principles ("SBP") and the 2021 edition of the Sustainability Bond Guidelines ("SBG"), as well as an analysis of the eligibility of the identified projects against the EU Taxonomy Regulation (EU) 2020/852. Our objective has been to provide an assessment on whether the Framework meets the criteria established within the aforementioned principles and standards.

² As of 31/12/2023.

³ A detailed description of those products is available in Banca MPS' Green, Social and Sustainability Bond Framework.

Our methodology to achieve this is described under 'Work Undertaken' below. No assurance is provided regarding the financial performance of any instrument issued under the Bank's Framework, the value of any investments, or the long-term environmental and/or societal benefits of the associated transactions. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

Responsibilities of the Management of Banca MPS and DNV

The management of Banca MPS has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform Banca MPS' management and other interested stakeholders in the Framework as to whether the established criteria have been met, based on the information provided to us. In our work we have relied on the information and the facts presented to us by Banca MPS. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by Banca MPS's management and used as a basis for this assessment were not correct or complete.

Basis of DNV's opinion

We have adapted our eligibility assessment protocol, which incorporates the requirements of the GBP, SBP, SBG and the EU Taxonomy to create a Banca MPS-specific Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

As per our Protocol, the criteria against which the Framework has been reviewed are grouped under three core components:

1. The Green, Social and Sustainability Bond Framework

We have benchmarked BMPS' Framework against the GBP, SBP, and the SBG pillars (see Schedule 1):

- *Use of Proceeds*
The Use of Proceeds criteria are guided by the requirement that an issuer of a bond must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental or social benefits.
- *Process for Project Evaluation and Selection*
The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a bond should outline the process it follows when determining eligibility of an investment using proceeds and outline any impact objectives it will consider.
- *Management of Proceeds*
The Management of Proceeds criteria are guided by the requirements that a bond should be tracked within the issuing organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- *Reporting*
The Reporting criteria are guided by the recommendation that at least Sustainability Reporting to the bond investors should be made of the use of bond proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

2. The contribution to the UN SDGs and the EU Taxonomy Eligibility Assessment

We have evaluated the project categories' alignment with the United Nations Sustainable Development Goals (UN SDGs, see Schedule 2) and their eligibility against the EU Taxonomy's Technical Screen Criteria for a Substantial Contribution to Climate Change Mitigation (See Schedule 3).

3. Banca MPS' ESG profile and sustainability strategy

We have assessed Banca MPS' ESG profile and sustainability strategy, drawing on the Bank's current performance and future initiatives (see Schedule 4).

Work undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by Banca MPS in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of a Banca MPS-specific Protocol, adapted to the purpose of the Framework, as described above and in Schedule 1;
- Assessment of documentary evidence provided by Banca MPS on the Framework and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria.

Our opinion as detailed below is a summary of these findings.

Findings and DNV's opinion

DNV's findings are listed below, with further details in Schedule 1, 2, 3 and 4:

1. The Green, Social and Sustainability Bond Framework

DNV has concluded that the Green, Social and Sustainability Bond Framework is in line with the ICMA GBP, SBP and SBG.

✓ Pillar One: Use of Proceeds

The eligible project categories identified in the Framework are compliant with the ICMA GBP, SBP and SBG. DNV is of the opinion that eligible project categories outlined in the Framework (see also Schedule 2) contribute to the achievement of the UN SDGs. DNV concludes that all project categories are defined in a way that is complete, clear and transparent. Environmental and social benefits are clear, precise, relevant, measurable and will be quantified for the eligible categories in the reporting phase.

✓ Pillar Two: Process for Project Evaluation and Selection.

DNV concludes that Banca MPS has defined a robust and relevant process for projects evaluation and selection and that the same is transparently described in the Framework. The integration of ESG factors into MPS' credit procedures and standards is described transparently. The Framework is well positioned in the overall sustainability strategy, that is well documented in publicly available and easily accessible documentation. Green project categories rely on the definitions and thresholds (where applicable) provided by the EU Taxonomy, while the social project categories rely on official definitions provided by the European Union (e.g., the definition of SMEs), the International Finance Corporation (IFC) or Italian public institutions. DNV is of the opinion that sufficient information is provided in terms of reliance on official taxonomies and exclusion criteria.

✓ Pillar Three: Management of Proceeds

The evidence reviewed shows how Banca MPS plans to trace the net proceeds of the Sustainable Debt Instruments, from the time of issuance to the time of disbursement. DNV concludes that net proceeds of the Instruments will be tracked by the Issuer in an appropriate manner and attested in a formal internal process. For as long as the Instrument is outstanding, the Issuer has committed to periodically adjust the balance to match allocations to eligible projects. Pending the full allocation of the proceeds or in the unlikely case of insufficient Eligible Assets, BMPS will temporarily hold any unallocated funds in the Group's Treasury investment portfolio, in accordance with its liquidity policy and, to the extent possible, invest in green, social and sustainability debt instruments.

DNV concludes that information on the intended types of temporary placement for the balance of the unallocated net proceeds is clear and publicly disclosed in the Framework.

✓ Pillar Four: Reporting

BMPS will publish an annual report on its website, detailing the allocation of the net proceeds of the Sustainable Debt Instruments issued. The report will be published within one year from the first borrowing date of each sustainable debt issuance and annually thereafter. Reporting will be made on an aggregated basis rather than on an individual asset basis. BMPS will also report on any material developments of its Eligible Asset Portfolio on an ad hoc basis. This reporting obligation will no longer apply once all green, social and sustainability debt instruments have matured. DNV concludes that the report will include relevant information related to the allocation of Instruments proceeds and the expected sustainable benefits of the eligible projects. For the allocation report, an external auditor may verify the tracking and allocation of funds to eligible projects, until full allocation and in case of material changes.

The annual report will also detail the associated environmental and social impacts of each Sustainable Debt Instrument. BMPS intends to report on the environmental and social impacts of the eligible assets financed/refinanced, where sufficient data enables this. Potential impact indicators will cover both qualitative and quantitative metrics, where possible. DNV concludes that BMPS will use qualitative and quantitative performance measures in line with the principles.

2. The contribution to the SDGs and the EU Taxonomy Eligibility Assessment

DNV is of the opinion that eligible project categories outlined in the Framework contribute to the achievement of the UN SDGs (see Schedule 2).

BMPS has identified, for several EU Taxonomy Activities (see Schedule 3), environmental project categories that fall within the scope of the Taxonomy Framework (classified as “eligible” against the EU Taxonomy). In order to ensure that the projects to be financed are also aligned with the Technical Screening Criteria for a Substantial Contribution to Climate Change Mitigation, BMPS will ask its clients for an external certification clarifying how the specific technical screening criteria (e.g., regulations, thresholds) are complied with. This approach ensures that eligible projects contribute to the Climate Change Mitigation objective, thereby tackling the urgent need to combat climate change and reduce greenhouse gas emissions.

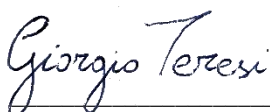
DNV concludes that the environmental project categories are eligible against the EU Taxonomy Activities mentioned in Schedule 3, and that the specific projects financed will be in line with the Technical Screening Criteria for a Substantial Contribution to Climate Change Mitigation.

3. BMPS' ESG profile and sustainability strategy

DNV has conducted an analysis of BMPS' sustainability strategy and ESG profile. Here follows a summary of the opinion.

DNV's analysis of BMPS's sustainability strategy and ESG profile reveals a strong commitment to integrating sustainability into its strategies, processes, and governance. The Bank has made significant progress towards sustainability action by approving the Business Plan 2022-2026. BMPS is actively addressing its environmental impact, valuing its employees and customers, and adhering to adequate standards of corporate governance. It is also committed to measuring and reducing its direct and indirect emissions and has endorsed several international sustainability schemes, further strengthening its commitment to sustainability.

for DNV Business Assurance Italy S.r.l.



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Technical Reviewer

Schedule 1: Green, Social and Sustainability Bond Framework - Eligibility Assessment Protocol

1. Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Alignment with the project categories defined by the GBP, SBP and SBG	Alignment with green categories (renewable energy, energy efficiency,...) and/or social (affordable housing, employment generation, ...).	Review of: <ul style="list-style-type: none"> Banca MPS Green, Social and Sustainability Bond Framework (2024) 	<p>The framework has been developed to support various types of green and social financing instruments, included in the Framework and in this review.</p> <p>The eligible project categories identified in the Framework are compliant with the ICMA GBP, SBP and SBG.</p> <p>DNV is of the opinion that eligible project categories outlined in the Framework (see also Schedule 2) contribute to the achievement of the UN SDGs.</p>
1b	Defined and transparent criteria for eligible projects	Definition of eligible projects by category, in a transparent and clear way.	Review of: <ul style="list-style-type: none"> Banca MPS Green, Social and Sustainability Bond Framework (2024) 	<p>Green project categories rely on the definitions and thresholds (where applicable) provided by the EU Taxonomy, while the social project categories rely on official definitions provided by the European Union (e.g., the definition of SMEs), the International Finance Corporation (IFC) or Italian public institutions.</p> <p>Hence, DNV concludes that all project categories are defined in a way that is complete, clear and transparent.</p>
1c	Environmental and/or social benefits	All designated project categories should provide clear environmental or social benefits, which, where feasible, will be quantified or assessed by the Issuer.	Review of: <ul style="list-style-type: none"> Banca MPS Green, Social and Sustainability Bond Framework (2024) 	<p>The presented green and social project categories are aligned with GBP, SBP and SBGs and detailed explanations are provided in the Framework, in the section "Use of Proceeds".</p> <p>DNV's assessment concludes that environmental and social benefits are clear, precise, relevant, measurable and will be quantified for the eligible categories in the reporting phase.</p>

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Documented process to determine whether projects fit within defined categories	<p>The Issuer of a Bond should outline the decision-making process it follows to determine the eligibility of projects using Bond proceeds. This includes:</p> <ul style="list-style-type: none"> A process to determine how the projects fit within the eligible green and social project categories; The criteria making the projects eligible for using the green, social and sustainable proceeds; and The environmental and social sustainability objectives. 	<p>Review of:</p> <ul style="list-style-type: none"> Banca MPS Green, Social and Sustainability Bond Framework (2024) 	<p>The process for Project Evaluation and Selection has been clearly defined by the Issuer. The process is structured and disclosed in the Framework. The roles and responsibilities are clear and include relevant internal expertise.</p> <p>Eligibility criteria for project selection have been clearly defined by the Issuer for all the eligible categories.</p> <p>DNV concludes that Banca MPS has defined a robust and relevant process for projects evaluation and selection and that the same is transparently described in the Framework.</p>
2b	Documented process to identify and manage potential ESG risks associated with the project	The issuer of a Green, Social or Sustainable Bond should clearly communicate to investors complementary information on processes by which the issuer identifies and manages perceived social and environmental risks associated with the relevant project(s).	<p>Review of:</p> <ul style="list-style-type: none"> Banca MPS Green, Social and Sustainability Bond Framework (2024) 	<p>The process applied to identify and manage potentially material ESG risks associated with the projects is publicly disclosed in the Framework.</p> <p>DNV is of the opinion that the integration of ESG factors into MPS' credit procedures and standards is described transparently.</p>
2c	Selected project categories embedded into the wider sustainability strategy	Issuers should describe how the selected projects fit within the issuer's wider sustainability strategy, goals and objectives.	<p>Review of:</p> <ul style="list-style-type: none"> Banca MPS Green, Social and Sustainability Bond Framework (2024) 	<p>DNV reviewed Banca MPS's Sustainability Strategy and Governance, as well as publicly available information in addition to the Green, Social and Sustainability Bond Framework.</p> <p>DNV concludes that the Framework is well positioned in the overall sustainability strategy that is well documented in publicly available and easily accessible documentation.</p>
2d	Alignment of project categories with official taxonomies and exclusion criteria	Issuers are also encouraged to provide information, if relevant, on the alignment of projects with official or market-based taxonomies, related eligibility criteria, including if applicable, exclusion criteria; and also disclose any green standards or certifications referenced in project selection.	<p>Review of:</p> <ul style="list-style-type: none"> Banca MPS Green, Social and Sustainability Bond Framework (2024) 	<p>Green project categories rely on the definitions and thresholds (where applicable) provided by the EU Taxonomy, while the social project categories rely on official definitions provided by the European Union (e.g., the definition of SMEs), the International Finance Corporation (IFC) or Italian public institutions.</p> <p>The net proceeds of BMPS's Sustainable Debt Instruments will not knowingly be used to finance or refinance any asset or investment related to:</p> <ul style="list-style-type: none"> fossil fuels nuclear energy weapons alcohol

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				<ul style="list-style-type: none"> • gambling • adult entertainment • tobacco <p>DNV is of the opinion that sufficient information is provided in terms of reliance on official taxonomies and exclusion criteria.</p>

3. Management of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure	The net proceeds of a Bond should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the Issuer in an appropriate manner and attested to by a formal internal process that will be linked to the Issuer's lending and investment operations for green/social projects.	Review of: <ul style="list-style-type: none"> • Banca MPS Green, Social and Sustainability Bond Framework (2024) 	<p>The evidence reviewed shows how Banca MPS plans to trace the net proceeds of the Sustainable Debt Instruments, from the time of issuance to the time of disbursement.</p> <p>DNV concludes that net proceeds of the Instruments will be tracked by the Issuer in an appropriate manner and attested in a formal internal process.</p>
3b	Tracking procedure	So long as the Bond is outstanding, the balance of the tracked proceeds should be periodically adjusted to match allocations to eligible projects made during that period.	Review of: <ul style="list-style-type: none"> • Banca MPS Green, Social and Sustainability Bond Framework (2024) 	<p>The ESG Funding Team will monitor to ensure that the total amount of the Eligible Asset Portfolio is greater than the outstanding amount of the Sustainable Debt Instruments. Furthermore, it will ensure that the amount of the eligible green assets sub-portfolio exceeds the amount of any green debt instruments outstanding, and that the amount of the eligible social assets sub-portfolio exceeds the amount of any social debt instruments outstanding.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				For as long as the Instrument is outstanding, the Issuer has committed to periodically adjust the balance to match allocations to eligible projects. DNV concludes that this represents a suitable method for a proper tracking procedure.
3c	Temporary holdings	Pending such investments or disbursements to eligible projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	Review of: <ul style="list-style-type: none"> Banca MPS Green, Social and Sustainability Bond Framework (2024) 	<p>Pending the full allocation of the proceeds or in the unlikely case of insufficient Eligible Assets, BMPS will temporarily hold any unallocated funds in the Group's Treasury investment portfolio, in accordance with its liquidity policy and, and, to the extent possible, invest in green, social and sustainability debt instruments.</p> <p>DNV concludes that information on the intended types of temporary placement for the balance of the unallocated net proceeds is clear and publicly disclosed in the Framework.</p>

4. Reporting


Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Allocation reporting	Issuers should make, and keep, readily available up to date information on the use of proceeds to be renewed annually until full allocation, and on a timely basis in case of material developments. The annual report should include a list of the projects to which Green Bond proceeds have been allocated, as well as a brief description of the projects, the amounts allocated, and their expected impact.	Review of: <ul style="list-style-type: none"> Banca MPS Green, Social and Sustainability Bond Framework (2024) 	<p>BMPS will publish an annual report on its website, detailing the allocation of the net proceeds of the Sustainable Debt Instruments issued. The report will be published within one year from the first borrowing date of each sustainable debt issuance and annually thereafter. Reporting will be made on an aggregated basis rather than on an individual asset basis. BMPS will also report on any material developments of its Eligible Asset Portfolio on an ad hoc basis. This reporting obligation will no longer apply once all green, social and sustainability debt instruments have matured.</p> <p>DNV concludes that the report will include relevant information related to the allocation of Instruments proceeds and the expected sustainable benefits of the eligible projects.</p> <p>For the allocation report, an external auditor may verify the tracking and allocation of funds to eligible projects, until full allocation and in case of material changes.</p>

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4b	Impact reporting	The Principles recommend the use of qualitative performance indicators and, where feasible, quantitative performance measures and disclosure of the key underlying methodology and/or assumptions used in the quantitative determination.	Review of: <ul style="list-style-type: none"> Banca MPS Green, Social and Sustainability Bond Framework (2024) 	The annual report will also detail the associated environmental and social impacts of each Sustainable Debt Instrument. BMPS intends to report on the environmental and social impacts of the eligible assets financed/refinanced, where sufficient data enables this. Potential impact indicators will cover both qualitative and quantitative metrics, where possible. DNV concludes that BMPS will use qualitative and quantitative performance measures in line with the principles.



5. External verification

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
5a	Second Party Opinion (pre-issuance)	It is recommended that issuers appoint (an) external review provider(s) to assess through a pre-issuance external review the alignment of their Framework with the four core components of the GBP (i.e. Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting).	Review of: <ul style="list-style-type: none"> Banca MPS Green, Social and Sustainability Bond Framework (2024) 	BMPS has obtained this independent Second Party Opinion (SPO) to confirm the validity of the Framework and its alignment with ICMA's GBP, SBP, and SBG. The SPO also includes an assessment of the compliance of the Eligible Green Assets with the EU Taxonomy substantial contribution criteria for Climate Change Mitigation on a best-efforts basis.
5b	External Verification (post-issuance)	Post issuance, it is recommended that an issuer's management of proceeds be supplemented by the use of an external auditor, or other third party, to verify the internal tracking and the allocation of funds from the Green Bond proceeds to eligible Green Projects.	Review of: <ul style="list-style-type: none"> Banca MPS Green, Social and Sustainability Bond Framework (2024) 	BMPS may request external verification from an independent third party on the allocation of the net proceeds from the Sustainable Debt Instruments issued under this Framework on an annual basis until full allocation, or in the event of significant changes in the allocation of proceeds. The post-issuance external verification report will be made publicly available on BMPS' website.

Schedule 2: Description of categories to be financed or refinanced through Banca MPS's Sustainable Debt Instruments

Eligible green category	EU Taxonomy Activity	Eligible Projects/Activities	Environmental Benefits	Contribution to UN SDGs
RENEWABLE ENERGY	Manufacture of renewable energy technologies (3.1) Electricity generation using solar photovoltaic technology (4.1) Electricity generation using concentrated solar power (CSP) technology (4.2) Electricity generation from wind power (4.3) Electricity generation from hydropower (4.5) Electricity generation from geothermal energy (4.6) Electricity generation from bioenergy (4.8) Transmission and distribution of electricity (4.9) Storage of electricity (4.10)	Construction, acquisition, development, and maintenance of facilities generating and/or distributing energy from renewable sources: <ul style="list-style-type: none"> • Wind energy: onshore and offshore wind • Solar energy: solar photovoltaic (PV) and concentrated solar power (CSP) • Hydropower: hydropower meeting one of the following criteria, i) run-of-river plant without an artificial reservoir, ii) power density >5W/m² or iii) lifecycle emissions <100gCO₂e/kWh • Bioenergy: biomass, biogas or bioliquids⁴ facilities operating above 80% of GHG emissions-reduction in relation to the relative fossil fuel comparator • Geothermal energy: geothermal power plants and geothermal heating/cooling systems (limited to direct emissions of ≤100g CO₂e/kWh) • Electricity transmission and distribution infrastructure (limited to infrastructure with an average grid emission factor below the threshold value of 100 gCO₂e/kWh over a rolling five-year average period) • Direct connections, or expansion of existing direct connections of renewable energy sources • Battery Electric Storage Systems 	To reduce GHG emissions through increasing renewable energy production	



⁴Only biomass/biofuels using certified sustainable feedstocks are eligible. Excludes use of virgin food/feed crops, and palm oil/palm oil waste.

<p>GREEN BUILDINGS</p>	<p>Construction of new buildings (7.1) Renovation of existing buildings (7.2) Acquisition and ownership of buildings (7.7)</p>	<ul style="list-style-type: none"> • New or existing residential or commercial buildings built before 31 Dec 2020: (a) with an Energy Performance Certificate (EPC) class A, or (b) which belong to the top 15% of the local or regional building stock based on Primary Energy Demand (PED)⁵ • New or existing residential or commercial buildings built after 31 Dec 2020 with PED at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements⁶ <p>Renovation projects resulting in a reduction in PED of at least 30% and validated through an EPC</p>	<p>To achieve energy savings and reduce GHG emissions through the construction of energy efficient buildings and building renovations</p>	
<p>ENERGY EFFICIENCY</p>	<p>Manufacture of energy efficiency equipment for buildings (3.5) Transmission and distribution of electricity (4.9) District heating/cooling distribution (4.15) Installation, maintenance and repair of energy efficiency equipment (7.3)</p>	<p>Infrastructure, technology and services that contribute towards reduced energy usage and/or increased energy efficiency:</p> <ul style="list-style-type: none"> • Energy efficient equipment (HVAC systems, LED lighting, sensing equipment) • Efficient district heating and cooling⁷ • Smart grids and/or smart meters 	<p>To achieve energy savings and GHG emissions reduction by fostering energy-efficient infrastructures.</p>	

⁵ In compliance with the EU Taxonomy Substantial Contribution Criteria, '7.7. Acquisition and ownership of buildings.' Large non-residential buildings will not be included within the eligible asset portfolio.





⁶ In compliance with the EU Taxonomy Substantial Contribution Criteria, '7.1. Construction of new buildings.' Buildings larger than 5,000 m² will not be included within the eligible asset portfolio.

⁷ Systems using at least 50% renewable energy, 50% waste heat, 75% cogenerated heat or 50% of a combination of such energy and heat in line with Directive 2012/27/EU.

<p>CLEAN TRANSPORTATION</p>	<p>Manufacture of low carbon technologies for transport (3.3) Passenger interurban rail transport (6.1) Freight rail transport (6.2) Urban and suburban transport, road passenger transport (6.3) Transport by motorbikes, passenger cars and light commercial vehicles (6.5) Freight transport services by road (6.6) Infrastructure for rail transport (6.14) Infrastructure enabling low-carbon road transport and public transport, (6.15) Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (7.4)</p>	<ul style="list-style-type: none"> • Zero tailpipe CO2 emissions freight and passenger rail and road transport • Zero tailpipe CO2 emissions passenger cars and commercial vehicles • Hybrid vehicles (passenger cars and commercial vehicles) with an emissions threshold of 50 gCO2/km (until 31 December 2025) • Infrastructure enabling low-carbon road transport and public transport (e.g. EV charging stations) 	<p>To achieve GHG and pollutant emissions reduction by promoting the development of low carbon transport.</p>	
<p>SUSTAINABLE AGRICULTURE</p>	<p>N/A</p>	<ul style="list-style-type: none"> • Financing of certified sustainable agriculture (e.g. EU Organic, AIAB)^{8,9} • Financing the acquisition and installation of on-site renewable energy generation systems in the agriculture sector 	<p>To promote sustainable food production systems and implement resilient agricultural practices that increase productivity and production, while maintaining ecosystems able to strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.</p>	

⁸ Excludes loans exclusively for livestock farming.

⁹ At least 90% of turnover derived from certified organic business.

Eligible social category	Target Population	Eligible Projects/Activities	Social Benefits	Contribution to UN SDGs
EMPLOYMENT GENERATION	SMEs in economically underperforming regions SMEs affected by natural disasters and/or socioeconomic crises	<ul style="list-style-type: none"> Financing of SMEs¹⁰ in response to natural disasters (e.g. earthquakes) and other health emergencies (e.g. Covid-19 pandemic crisis – includes loans granted with the Government Guarantee¹¹) Financing SMEs located in areas with a GDP per capita below national average and ranking in the worst 30% in terms of unemployment rate¹² 	To achieve a wider availability of job opportunities and economic growth for the target populations by supporting the generation of employment opportunities.	
SOCIOECONOMIC ADVANCEMENT AND EMPOWERMENT	Female Entrepreneurs Vulnerable populations that include youth, unemployed, elderly, undereducated, disabled individuals and migrants	<ul style="list-style-type: none"> Loans granted to SMEs and Microenterprises led by female entrepreneurs¹³ Financing related to the Third Sector (associations, NGOs, Social Enterprises, Social Cooperatives, Foundations etc.) with positive social impacts in the following sectors: <ol style="list-style-type: none"> Healthcare Education Art and cultural activities Welfare & Solidarity Environmental protection 	Widening the availability of job opportunities and economic growth for the target population.	
ACCESS TO ESSENTIAL SERVICES – FINANCIAL SERVICES	First-time home buyers	<ul style="list-style-type: none"> Financing or refinancing of mortgages under the 80% Public Guarantee of the First Home Mortgage Guarantee Fund (“Fondo Prima casa”) administered by CONSAP (Concessionaria Servizi Assicurativi Pubblici): <ul style="list-style-type: none"> Loans to first-time buyers with ISEE Supporting the target (Equivalent Economic Situation Indicator) of population by widening the <€40K/yr, for applicants who are i) young people below the age of 36, or ii) single-parent families with minor children. For these mortgages, a controlled rate of the loan is envisaged 	Supporting the target availability of financing.	
AFFORDABLE HOUSING	Low-income individuals and households	Financing related to the construction, renovation or upgrade of social housing in Italy (as defined by national law and regulations and administered by local authorities) ¹⁴	To achieve increased availability and accessibility of affordable housing.	

¹⁰ SMEs definition according to EU: https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en

¹¹ When related to the Covid-19 crisis, these financings fall under Government’s SME guarantee scheme, as per Law Decree no. 23 of 8 April 2020 (the “Decreto Liquidità”) and Law no. 27 of 24 April 2020, the “Decreto Cura Italia”)

¹² According to data as per ISTAT Istituto Nazionale di Statistica

¹³ IFC Definition of Women-owned enterprises

¹⁴ In Italy, access to social housing is defined by national law and regulations (Ministerial Decree of 04.22.2008, Ministry for Infrastructures’ Decree 3904, Law No. 431/1998, and the Law 167/1962). Eligibility criteria is determined based on income requirements set out by local authorities.



Schedule 3: EU Taxonomy Assessment

Amongst the other activities, DNV has assessed Banca MPS' Use of Proceeds categories that are eligible¹⁵ against the EU Taxonomy Directive 2020/852/EU. Banca MPS made a deliberate decision to assess its Use of Proceeds categories against the Technical Screening Criteria (TSC) for a Substantial Contribution to Climate Change Mitigation (CCM). This strategic focus aligns with the urgent need to combat climate change and reduce greenhouse gas emissions.

BMPS is committed to supporting sustainable businesses by offering green credit to MPS customers. As of now, the Bank has not yet identified specific loans that fit into the project categories classified as eligible against the EU Taxonomy and in line with the TSC for a Substantial Contribution to CCM. Once a project is identified, a client who believes that its project is compatible with the climate change mitigation criteria of the relevant EU Taxonomy Activity can provide external evidence (through a third-party certification). If the client is willing to provide this evidence, the Bank offers a green loan defined according to the internal framework of green products with a more favorable rate or pricing. These green loans are classified in the Electronic Financing Procedures (PEF) that are stored in the ESG database and allow green disbursements to be monitored.

Here follows the list of EU Taxonomy Activities that match the eligible project categories BMPS has identified, and for which the process described above is in place:

- Manufacture of renewable energy technologies (3.1)
- Manufacture of low carbon technologies for transport (3.3)
- Manufacture of energy efficiency equipment for buildings (3.5)
- Electricity generation using solar photovoltaic technology (4.1)
- Electricity generation using concentrated solar power (CSP) technology (4.2)
- Electricity generation from wind power (4.3)
- Electricity generation from hydropower (4.5)
- Electricity generation from geothermal energy (4.6)
- Electricity generation from bioenergy (4.8)
- Transmission and distribution of electricity (4.9)
- Storage of electricity (4.10)
- District heating/cooling distribution (4.15)
- Passenger interurban rail transport (6.1)
- Freight rail transport (6.2)
- Urban and suburban transport, road passenger transport (6.3)
- Transport by motorbikes, passenger cars and light commercial vehicles (6.5)
- Freight transport services by road (6.6)
- Infrastructure for rail transport (6.14)
- Infrastructure enabling low-carbon road transport and public transport, (6.15)

¹⁵ Taxonomy eligibility refers to an economic activity being listed in the EU taxonomy. In other words, it is included in the official taxonomy framework. When an activity is eligible, it means that it falls within the scope of the EU's sustainable finance framework and is recognized as a relevant activity for sustainable investment. Being eligible does not necessarily mean that the activity fully complies with all environmental criteria; it simply means it is part of the taxonomy.



- Construction of new buildings (7.1)
- Installation, maintenance and repair of energy efficiency equipment (7.3)
- Renovation of existing buildings (7.2)
- Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (7.4)
- Acquisition and ownership of buildings (7.7)

DNV concludes that BMPS has identified, for the above-listed EU Taxonomy Activities, several project categories that fall within the scope of the Taxonomy Framework. In order to ensure that the projects to be identified are also aligned with the Technical Screening Criteria for a Substantial Contribution to Climate Change Mitigation, BMPS will ask its clients for an external certification clarifying how the specific technical screening criteria (e.g., regulations, thresholds) are complied with. This approach ensures that eligible projects contribute to the Climate Change Mitigation objective, thereby tackling the urgent need to combat climate change and reduce greenhouse gas emissions.

DNV also concludes that the environmental project categories are eligible against the EU Taxonomy Activities mentioned above, and that the specific projects financed will be in line with the Technical Screening Criteria for a Substantial Contribution to Climate Change Mitigation.



Schedule 4. BMPS' ESG profile and sustainability strategy

DNV has conducted an analysis of BMPS's sustainability strategy and ESG profile. Here follows a summary of the analysis.

BMPS is committed to integrating sustainability into its strategies, processes, and governance. The bank has approved a new Business Plan 2022-2026, through which it defines specific actions and objectives across all pillars of sustainability. Some of the Bank's ESG goals and highlights include:

- Positive contribution to the environment through a reduction of direct emissions (-60% vs. 2017 – Scope 1);
- The decarbonization and the transition of sectors showing high transition risk and the achievement of the financed emissions reduction objectives by 2030 for NZBA high-priority sectors;
- The support of customers in their own sustainable journey through the achievement of a 20% share of ESG lending out of total new lending;
- The adoption of ESG-based credit rating systems for the assessment of counterparty risk and credit policies that support the transition and adequate management of climate risks;
- Further progress on the Diversity & Inclusion Program, with the objective to achieve 40% of women in roles of responsibility, the adoption of internal rules on inclusion and pre-certification of gender equality;
- To include ESG KPIs in the performance management system, in the activity management processes, in the risk management, investment management and reporting processes;
- To strengthen the Bank's ESG rating positioning;
- To strengthen the commercial offering to support companies' transition strategies.

In August 2023, Banca MPS published targets to reduce financed emissions by 2030 in three of the most GHG-intensive sectors of its lending portfolio, in line with the commitments undertaken by joining the NZBA. From a 2022 baseline, Banca MPS intends to pursue the following objectives, defined on the basis of the Net Zero 2050 scenario of the Network for Greening the Financial System (NGFS):

- o for the Power Generation and Distribution sector (Power Generation) a 77% reduction in financed emissions (scope 1 and 2) starting from a baseline of 196,000 tCO₂e;
- o for the Oil and Gas sector (Oil & Gas), a 40% reduction in financed emissions (scopes 1, 2 and 3) starting from a baseline of 656,000 tCO₂e;
- o for the Iron & Steel sector, a 29% reduction in financed emissions (scopes 1 and 2) from a baseline of 1,067,000 tCO₂e.

BMPS has endorsed several international sustainability schemes, including the United Nations Global Compact (UNGC), the Principles for Responsible Banking (PRB) of UNEP's Finance Initiative and the Net-Zero Banking Alliance (NZBA). Supporting these initiatives has important implications for BMPS. It reflects the bank's commitment to integrating sustainable development into its policies, processes and governance, and it further strengthens BMPS's commitment to sustainable development. It enables the bank to more closely align its business with global sustainability goals and standards. This support also enhances BMPS' reputation as a forward-thinking financial institution with a commitment to sustainable growth and positive change. In addition, this approval enables BMPS to communicate effectively with stakeholders on sustainability issues, demonstrate their



commitment to transparency and accountability for their sustainability practices sustainability and provide valuable guidance and assistance to the BMPS in the implementation of its sustainable development policies and projects.

Moreover, BMPS's commitment to these schemes ensures that ESG issues are at the heart of its governance structure from the beginning. The responsibilities of each corporate function, according to four guidelines (strategy, actions and policies, risk factor management, monitoring and reporting), are outlined in the document "Group Directive on Sustainability and ESG". The Directive defines the organizational model adopted by the Group in the field of Sustainability. It also identifies the areas of commitment on which the development of the Group's sustainable business model is based, which are defined consistently with the Code of Ethics, external regulations, international guidelines and the standards and initiatives to which the Group has voluntarily adhered in the area of Sustainability.

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

DNV's analysis of BMPS's sustainability strategy and ESG profile reveals a strong commitment to integrating sustainability into its strategies, processes, and governance. The Bank has made significant progress towards sustainability action by approving the Business Plan 2022-2026. BMPS is actively addressing its environmental impact, valuing its employees and customers, and adhering to adequate standards of corporate governance. It is also committed to measuring and reducing its direct and indirect emissions and has endorsed several international sustainability schemes, further strengthening its commitment to sustainability.
