



Fondazione
Compagnia
di San Paolo

Protocol of agreement MEF - ACRI

PROTOCOL OF AGREEMENT

BETWEEN

MINISTERO DELL'ECONOMIA E DELLE FINANZE (the Italian Ministry of Economy and Finance, hereinafter also referred to as Supervisory Authority), with premises in Rome, Via XX Settembre nr. 97

AND

ASSOCIAZIONE DI FONDAZIONI E CASSE DI RISPARMIO SPA (Association of Italian Banking Foundations and Savings Banks Ltd: hereinafter referred to as ACRI), with premises in Rome, Via del Corso nr. 267

Given that

- the legislative decree 17th May 1999, nr. 153, has introduced provisions relevant to the *“Civil and Tax Laws for the transferor entities indicated in art. 11, paragraph 1, of the legislative decree 20th November 1990, nr. 356, and Tax Laws for bank restructuring operations as provided for by art. 1 of the law 23rd December 1998, nr. 461”*;
- the decree of 18th May 2004, nr. 150 has introduced *the “Regulations as envisaged by art. 11, paragraph 14, of the law 28th December 2001, nr. 448, concerning the regulations on Banking Foundations”*;
- art. 10, paragraph 2, of the legislative decree 153/99 provides that *“the supervision on banking foundations has the purpose of verifying the observance of the law and articles of association, the healthy and prudent management of foundations, the profitability of assets, and the actual safeguard of the interests envisaged in the articles of association”*;
- the reason for such provision must be seen in the public interest in controlling that the institutional goals of the above-mentioned Foundations are effectively and correctly pursued;
- within the scope of the exercise of its prerogatives and within the limits of the provisions of the law 461/98 and the legislative decree 153/99, the Supervisory Authority acknowledges to ACRI, as the organization

representing the Foundations of banking origin, the role of interlocutor in the definition of supervision procedures and criteria. In this interaction, ACRI can effectively contribute to the pursuit of the goals that the legislator has assigned to supervision by favouring the spread among Foundations of good operational practices and the elaboration of behavioural codes and practices, which may guide, in a shared form, the attainment of better and higher operational standards in terms of transparency, responsibility, and the pursuit of the interests envisaged in the articles of association. The Charter of the Foundations, approved by the ACRI's Assembly on 4th April 2012, is a valid example thereof.

Considering that

- ACRI, in its capacity as sector association of Foundations of banking origin, promoting the present agreement, considers it expedient to strengthen and enhance with its contribution a stable and profitable relationship between supervisor and supervised, and to adopt consistent behaviours that allow the involved parties to improve the efficiency and quality of actions with due respect for their specific nature and for the principles established by the law;
- the experience and case history of the matters put to the attention of the Supervisory Authority since the coming into force of the legislative decree nr. 153/99, as well as the changed historical, economic, and financial context, have increasingly manifested the need to specify the application scope of the provisions that regulate Foundations of banking origin;
- beside the actions in the intervention sectors singled out by the legislator, the Foundations have carried out, since their establishment, a subsidiary role of solidarity in the third sector also through initiatives, such as the creation of *Fondazione con il Sud*, that substantiate social responsibility towards those territories that are most significantly affected by social-economic disadvantages;
- the Foundations consider it necessary to define operating and managerial efficiency parameters by undertaking to apply common behavioural criteria with respect to the following:

- defining criteria for the determination of economic retributions, no matter how they are named (remunerations, allowances, attendance fees/money, other expenses, etc.) to be paid to members of the foundation bodies, so as to ensure their consistency with the positioning of the foundations in the third sector and with the absence of lucrative purposes, also considering the effects of the economic and financial crisis on the extent of the foundations' assets and operations;
- favouring, consistently with art. 4, paragraph 1, lett. i) of the legislative decree 153/99, the goal of guaranteeing the periodical replacement of the Foundations' bodies, in order to keep a high degree of responsibility towards the territory;
- ensuring a sufficiently professional level in the members of the bodies through appointment procedures that adequately enhance the professional careers and the possession of special skills;
- preserving the functionality of the foundations' network of social responsibilities, guaranteeing the full observance of the principle of transparency and the circulation within the community of complete information concerning the activities that have been carried out, using the most suitable, user-friendly and functional methods and tools;
- guaranteeing the abidance by art. 6 of the legislative decree nr. 153/99, by avoiding that the Foundations may control banks also through agreements, entered into in any form, that allow the exercise of a dominant influence.

Now, therefore,

ACRI, in the person of its Chair Giuseppe Guzzetti, executes the present Protocol of Agreement in representation of the following associated Foundations: *Compagnia di San Paolo, Ente Cassa di Risparmio di Firenze, Fondazione Agostino De Mari – Cassa di Risparmio di Savona, Fondazione Banca del Monte “Domenico Siniscalco Ceci” di Foggia, Fondazione Banca del Monte di Lombardia, Fondazione Banca del Monte di Lucca, Fondazione Banca del Monte di Rovigo, Fondazione Banca del Monte e Cassa di Risparmio Faenza, Fondazione Banca Nazionale delle Comunicazioni, Fondazione Banco di Sardegna, Fondazione Cariparma,*

Fondazione CARIT, Fondazione Carivit, Fondazione Cassa dei Risparmi di Forlì, Fondazione Cassa di Risparmio della Provincia dell'Aquila, Fondazione Cassa di Risparmio della Provincia di Chieti, Fondazione Cassa di risparmio della provincia di Macerata, Fondazione Cassa di Risparmio della Spezia, Fondazione Cassa di Risparmio delle Provincie Lombarde, Fondazione Cassa di Risparmio di Alessandria, Fondazione Cassa di Risparmio di Biella, Fondazione Cassa di Risparmio di Bolzano, Fondazione Cassa di Risparmio di Bra, Fondazione Cassa di Risparmio di Calabria e di Lucania, Fondazione Cassa di Risparmio di Carpi, Fondazione Cassa di Risparmio di Carrara, Fondazione Cassa di Risparmio di Cento, Fondazione Cassa di Risparmio di Cesena, Fondazione Cassa di Risparmio di Città di Castello, Fondazione Cassa di Risparmio di Civitavecchia, Fondazione Cassa di Risparmio di Cuneo, Fondazione Cassa di Risparmio di Fabriano e Cupramontana, Fondazione Cassa di Risparmio di Fano, Fondazione Cassa di risparmio di Fermo, Fondazione Cassa di Risparmio di Ferrara, Fondazione Cassa di Risparmio di Foligno, Fondazione Cassa di Risparmio di Genova e Imperia, Fondazione Cassa di Risparmio di Gorizia, Fondazione Cassa di Risparmio di Imola, Fondazione Cassa di Risparmio di Jesi, Fondazione Cassa di Risparmio di Loreto, Fondazione Cassa di Risparmio di Lucca, Fondazione Cassa di Risparmio di Mirandola, Fondazione Cassa di Risparmio di Modena, Fondazione Cassa di Risparmio di Orvieto, Fondazione Cassa di Risparmio di Padova e Rovigo, Fondazione Cassa di Risparmio di Perugia, Fondazione Cassa di Risparmio di Pesaro, Fondazione Cassa di Risparmio di Pistoia e Pescia, Fondazione Cassa di Risparmio di Prato, Fondazione Cassa di Risparmio di Puglia, Fondazione Cassa di Risparmio di Ravenna, Fondazione Cassa di Risparmio di Reggio Emilia Pietro Manodori, Fondazione Cassa di Risparmio di Rimini, Fondazione Cassa di Risparmio di Saluzzo, Fondazione Cassa di Risparmio di San Miniato, Fondazione Cassa di Risparmio di Savigliano, fondazione Cassa di Risparmio di Spoleto, Fondazione Cassa di Risparmio di Torino, Fondazione Cassa di Risparmio di Tortona, Fondazione Cassa di Risparmio di Trento e Rovereto, Fondazione Cassa di Risparmio di Trieste, Fondazione Cassa di Risparmio di Vercelli, Fondazione Cassa di Risparmio di Verona Vicenza Belluno e Ancona, Fondazione Cassa di Risparmio di Vignola, Fondazione Cassa di Risparmio di Volterra, Fondazione Cassa di Risparmio e Banca del Monte di Lugo, Fondazione Cassa di Risparmio in Bologna,

Fondazione Cassa di Risparmio Salernitana, Fondazione Cassamarca, Fondazione CRUP, Fondazione del Monte di Bologna e Ravenna, Fondazione di Piacenza e Vigevano, Fondazione di Venezia, Fondazione Livorno, Fondazione Monte dei Paschi di Siena, Fondazione Monte di Parma, Fondazione Pescaraabruzzo – Cassa di Risparmio di Pescara e di Loreto Aprutino, Fondazione Sicilia, Fondazione TERCAS, Fondazione Varrone Cassa di Risparmio di Rieti, Istituto Banco di Napoli – Fondazione, Fondazione Monte di Pietà di Vicenza, that undertake to modify their articles of association according to the contents of the present Protocol of Agreement;

the Ministry of Economy and Finance, in the person of the Minister Pier Carlo Padoan, acknowledges the commitments taken by the above-mentioned Foundations and, in the exercise of the powers of supervision given to him by the law, shall verify the observance of the provisions that will be inserted into the articles of association.

Art. 1

Definitions

1. The present Protocol defines

- “Foundation”: as the legal person envisaged in art. 2, paragraph 1, of the legislative decree 17th May 1999, nr. 153;
- “Supervisory Authority”: the Authority provided for by art. 2, paragraph 1, of the law 23rd December 1998 nr. 461 and by art. 1, paragraph 1, letter e), of the legislative decree 17th May 1999 nr. 153;
- “Transferee Banking Company”: the company as defined by art. 1, paragraph 1, letter f), of the legislative decree 17th May 1999 nr. 153;
- “Instrumental Company”: company run by the Foundation or by a company controlled by the Foundation that exclusively operates for the direct fulfillment of the purposes envisaged in the articles of association and pursued by the Foundation in the Priority Sectors provided for in art. 1, paragraph 1, letter d) of the legislative decree 17th May 1999 nr. 153;
- “Instrumental Body”: a body that differs from the companies envisaged in Book V of the Civil Code and whose exclusive purpose is the direct fulfillment of the

purposes indicated in the articles of association and pursued by the Foundation in the priority sectors.

TITLE I

ECONOMIC AND FINANCIAL ASPECTS

Art. 2

Asset Management

1. The use of the assets, aimed at generating the earnings needed to carry out the institutional activities, requires, among other things, a phase of strategic planning that defines an investment policy and identifies the asset allocation.
2. The asset management abides by the following criteria:
 - a) optimize the combination between portfolio profitability and risk as a whole, through the choice of the best instruments with respect to quality, possibility to liquidate, performance, and risk level, consistently with the adopted investment policy;
 - b) adequate diversification of the portfolio aimed at containing the concentration of risk and the dependence of the result of management from specific issuers, groups of companies, business sectors and geographical areas;
 - c) efficient management aimed at optimizing results, containing the costs of transactions, management, and operation with respect to the portfolio's dimension, complexity and characteristics.
3. The asset management is carried out with due observance of the procedures fixed in special regulations. The foundations regularly verify the adequacy and efficiency of the organizational structure, of the investment policies, and of the management procedures and adopt any consequent corrective actions.
4. In any case, assets cannot be employed, directly or indirectly, in exposure towards one single entity for an amount that is in all higher than one third of the Foundation's total assets evaluating at fair value asset exposures and components.

5. For the purposes of the calculation of the above limit, the value of the most relevant exposure of the assets is calculated as an average value in the course of six months.
6. After the expiration of the deadlines provided for in paragraph 8 below, in case the maximum exposure defined in paragraph 4 due to a favorable course of market prices has been exceeded, the value of the most significant exposure is put under observation for six months after the date in which the limit has been exceeded, in order to verify if the increased value is lasting. In the latter case, the Foundations prepare a repayment plan by giving a timely communication thereof to the Supervisory Authority.
7. In the overall exposure towards a single entity, all financial instruments are calculated, including equity holding and other shareholding, and any other assets – represented or not represented by financial instruments – with respect to a single entity. By “single entity” is meant a company and the complex of companies of the group it belongs to. The Foundation can keep into account other relationships of legal or economic connection, by virtue of which two or more separate entities are considered as a single entity.
8. The Foundations that, at the date of execution of the present Protocol, have a greater exposure than the maximum one defined at paragraph 4 above, if such exposure concerns financial instruments negotiated on regulated markets, reduce it under the limits indicated there within three years from the execution of the present Protocol. If the exposure that is higher than the maximum one defined above concerns financial instruments that have not been negotiated in regulated markets, the Foundations reduce it below the indicated limits within five years from the execution of the present Protocol. In both cases, the need to safeguard the value of the assets, the market conditions, and the effects of the transfers on the market will be taken into due account.
9. Within one year from the execution of the Protocol, the Foundations shall communicate to the Supervisory Authority all the measures adopted in order to implement the present article.

Art. 3

Indebtedness

1. With respect for the principle of preservation of the assets, the Foundations do not recur to any kind of indebtedness, except in case of temporary and limited needs for cash, due to the time lag between cash outflow and inflow that is certain with respect to date and amount. In any case, the overall debt exposure cannot be higher than ten percent of the assets base.
2. The Foundations that have a debt exposure on the date of this Protocol shall prepare a plan for the repayment to take place within a maximum time span of five years, promptly informing the Supervisory Authority thereof. In the case of justified needs, this time span may be extended following authorization of the Supervisory Authority.

Art. 4

Derivative Operations

1. Derivative contracts and financial instruments are used with the purpose of hedging or in operations in which no risks of asset losses are present.
2. An operation in hedging derivatives is the one made by a Foundation with the purpose of protecting the value of single assets or liabilities in the balance sheet from the risk of adverse variations of interest rates, exchange rates, stock-market indexes or market prices. An operation is considered to be hedging when: a) there is the Foundation's intent to create such hedging; b) there is a high correlation between the technical-financial characteristics (deadline, interest rate, etc.) of hedged assets/liabilities and the ones in the hedge agreement; c) the conditions in letters a) and b) above are documented by the Foundation's internal evidence.
3. The paragraph 1 does not apply to the portion of assets invested in Bodies for collective investment of savings governed by the regulations of a country in the European Union or in a portfolio management entrusted, also in the event of a delegated management, to brokers that are subject to the regulations of a EU country. The portfolio management can employ

derivative financial instruments with due observance for Title V, Chapter III, Section II, of the Regulations on the collective management of savings issued by the Bank of Italy on 19th January 2015, and must indicate:

- a) a benchmark of reference or a performance objective;
 - b) a limit to the financial risk that is consistent with the benchmark or the performance objective;
 - c) a limit on the net leverage calculated according the Ucits regulations as not higher than 130%.
4. In their balance sheets, Foundations provide information having a qualitative nature (e.g., type of negotiated agreements, illustration of the relationship of the hedging instrument and the hedged risk) and a quantitative nature (e.g., notional value, capital gain/loss not registered in the income statement), relevant to the operations in derivatives carried out during the financial year referenced in the balance sheet and to the outstanding operations at the date of the financial year's closing, including the ones incorporated in financial instruments and the ones executed within the scope of the management of portfolios.

Art. 5

Companies and Instrumental Bodies

1. The investment in companies and instrumental bodies is made by using exclusively the resources originating from earnings, subject to the provisions concerning movable and immovable property made by art. 7, paragraph 3-*bis*, of the legislative decree nr. 153/99.
2. The investments in the paragraph above find coverage in the balance's liabilities with the funds for the institutional activity, through the registration of an equivalent amount into the item "Other funds", and supplying detailed information in the notes to the financial statement.
3. The Foundations that, at the date of this Protocol, do not have in the liabilities a capacious covering fund shall prepare a plan for establishing one in the amount indicated at paragraph 2, within five years from the execution of the present Protocol, keeping into account investments in real estate and movables that are referable to the provisions of the

mentioned art. 7, paragraph 3-*bis*, made by the companies and instrumental bodies. This plan is promptly transmitted to the Supervisory Authority.

TITLE II
GOVERNANCE

Art. 6

Equity Stake

1. The Foundations shall convey to the Supervisory Authority the shareholders' agreements, if any, and their subsequent modifications, having as subject matter the exercise of the rights connected with the stake held in the transferee banking company, expressly giving account that the above agreements do not contain provisions that are in contrast with the principles established in art. 6 of the legislative decree nr. 153/99.
2. Each Foundation shall also transmit to the Supervisory Authority the agreements, entered into in any form, by which the rights and powers that are envisaged in art. 6, paragraph 2, of the legislative decree 153/99 can be attributed to the Foundation.
3. The communications mentioned in the paragraphs above are made by the Foundation without delay and, in any case, within 5 days from the closing of the agreement or of its modification.

Art. 7

Mandates

1. In observance of art. 4, paragraph 1, lett. i) of the legislative decree nr. 153/99, in order to ensure the reshuffle of the bodies' members, the Foundations adjust their articles of association according to the following principles:
 - a) the Administrative Body, the Chair, and the Supervisory Body shall stay in office for a maximum period of four years; this provision does not apply to the mandates in force at the date of the present Protocol;

- b) the offices in the foundations' bodies established by the articles of association, including the Chair, cannot be held for more than two consecutive mandates, independently of the body;
 - c) for the purposes of letter b), the mandate carried out for less than half of the term set by the articles of association shall not be counted, as long as its cause is different than voluntary resignation; in any case, no more than one partial mandate can be excluded from the calculation of the total mandates.
2. The person who has carried out two consecutive mandates can be appointed again after a period of at least three years.

Art. 8

Selection of Body Members

1. The Foundations guarantee the presence in their bodies of individuals that bring professional skills, competence, and authority, as well as the adoption of appointment procedures that are functional in safeguarding the Body's independence and impartiality, also on the basis of the provisions in art. 10 below.
2. The methods and procedures for the nomination of the members of the bodies are governed in special regulations, which specify, among other things, the required expertise and professional competence that are suitable to ensure a composition of the bodies that allows the Foundation's most efficient action in the sectors and territorial confines indicated in the articles of association.
3. The articles of association shall ensure the presence in the bodies of the less represented gender.
4. Subject to the provisions set for the Foundations of association origin by art. 4, paragraph 1, letter d) of the legislative decree nr 153/99, the Foundations shall verify that the designated individuals represent the territory and the social interests underlying the foundation's institutional activity. The Foundations, in order to gather information and useful elements for such evaluation, shall promote one or more meetings with both public and private entities that are the expression of local reality and

are active in the same intervention sectors as the Foundation's. The criteria and methods for summoning these meetings shall be regulated in advance; participants can intervene, presenting documents and propositions. Of said meetings, minutes shall be drafted, which will be submitted to the policy-making body. The results of the evaluation process shall be published in the forms considered as suitable for an adequate divulgation.

5. Appointments by cooptation are exclusively prescribed for the nomination of personalities having a clear and undisputed fame; they shall be made by considering the need to ensure the presence of the less represented gender, with due respect for the principle of transparency and with the application of a suitable selection criterion for the identification of persons endowed with the necessary experience and professional competence to attain the purposes set by the articles of association in the foundation's specific sectors of activity. In any case, the appointments by cooptation shall not be more than fifteen percent of the number of the members of the policy-making body, rounded up to the higher number.
6. Cooptation is not allowed for the appointment of the Administrative Body.

Art. 9

Retributions for Body Members

1. Whatever their qualification, the amount of the retributions for body members shall be contained, consistently with the nature of foundation of banking origin and with the absence of lucrative purposes.
2. The retributions of Foundation body members are proportioned to the extent of the assets and of the allocations.
3. For foundations whose assets are more than Euro one billion, the annual overall remuneration paid, for any motive, to the Chair shall not be higher than Euro two hundred and forty thousand. For other Foundations, the Chair's maximum remuneration shall be determined in an amount lower than the above limit, according to the parameters provided for in

paragraph 2. If said parameters change in a substantial and durable way, the Foundations shall adjust the remuneration.

4. For the members of the policy-making body, the remuneration shall not consist of a valuable consideration but exclusively of an allowance connected with the actual participation to the body's works and to the borne expenses.
5. The total amount paid for any reasons to the Chair, members of the Board of Directors, of the Policy-making Body, of the Supervisory Body, of committees and/or commissions cannot in any case be higher than the amount determined by applying to each of the following brackets, in which the shareholders' equity can be divided into, the relevant percentages:
 - a) assets up to Euro 120 million: 0.40%;
 - b) assets over Euro 120 million and up to 500 million: 0.10%;
 - c) assets over Euro 500 million and up to Euro 5,000 million: 0.05%;
 - d) assets over Euro 5,000 million: 0.01%.

Art. 10

Incompatibility and Ineligibility

1. The articles of association specify the cases of incompatibility provided for by the law, also identifying further cases that can compromise the free and independent operation of the bodies' functions, considering in particular the political offices and the need to ensure a temporal lapse of at least one year between the political role previously held and the appointment in one of the Foundation's bodies.
2. The following cannot be members in Foundation bodies: members of the national or European parliaments or of the Government; regional, provincial, and city councilors, the president of the province, the mayor, the president and members of the council of administrative districts, the chair and members of the board of directors of associations of local authorities, the president and members of the boards and councils of town associations, the members of the boards of directors and the chair of the special companies and institutions envisaged in art. 114 of the

legislative decree 18th August 2000, nr. 267, the president and members of the bodies of mountain districts.

3. Anyone who held the office of member of the bodies of the transferee banking company cannot hold office in the Foundation's bodies prior to at least twelve months from the termination of office.
4. In exercising the rights as shareholder of the transferee banking company, the Foundation cannot designate or vote candidates, or submit or vote lists of candidates in which are present persons who, in the twelve preceding months, have carried out direction, administration or supervisory functions at the Foundation.

Art. 11

Transparency

1. The Foundations shall make public the complete information concerning their activities. The information shall be clearly expressed, easily accessible and unequivocal, in order to guarantee the transparency of the choices made.
2. At least the following documents shall be published in the Foundations' websites: articles of association, regulations, balance sheets, annual planning documents, information concerning works contracted for a higher amount than Euro 50,000, calls for proposals for the allocations, and the curricula of the bodies members.
3. The Foundations also indicate in their websites the procedures through which third parties can apply for financial support, by indicating the conditions for access, the selection criteria, and the process through which the selection of the offered initiatives takes place, as well as their outcome. The call for proposals is also the preferred operating method to select the funding to be decided upon.
4. The calls for proposals indicate: the pursued objectives, the conditions for access, the selection criteria, and the indicators of the proposals' effectiveness.
5. Furthermore, the websites must publish the results of the evaluation made *ex post* by the Foundations with respect to the outcome of the

different financed initiatives, to the relevant costs, and to the social goals attained, whenever they can be measured, also keeping into account, as far as possible, any indicators of effectiveness previously determined on the basis of a careful evaluation of the relationship costs/results.

Art. 12

Cooperation and Aggregation Forms

1. The Foundations pursue management and cost efficiency, evaluating the recourse to forms of cooperation and aggregation for the pursuit of common objectives.
2. The Foundations that, because of their reduced assets cannot reach an adequate technical, funding, and operating power, shall activate collaboration forms to manage, in common, operational activities or shall merge with other Entities.

Art. 13

Protocol Implementation

1. The Parties shall evaluate the effects of the present Protocol and the expedience of reviewing its contents four years after its execution.
2. The Foundations adopt the modifications to the articles of association to adjust them to the content of the present Protocol within twelve months from its execution. The provisions of the articles of association and the resolutions that are more restrictive than ones included in the present Protocol shall remain.

Read, approved, and executed.

Rome, 22nd April 2015

The Minister of Finance
(Pier Carlo Padoan)

The Chair of Acri
(Giuseppe Guzzetti)