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**BANCA MONTE DEI PASCHI DI SIENA S.P.A.**

**ORDINARY SHAREHOLDERS' MEETING**

11 April 2024 (on a single call)

**EXPLANATORY REPORT BY THE BOARD OF DIRECTORS**

**CONCERNING ITEM 5) ON THE AGENDA**

pursuant to Article 125-ter of Legislative Decree no. 58 of 24 February 1998,  
as subsequently amended.

**INTEGRATION OF THE BOARD OF STATUTORY AUDITORS;**

**RELATED AND CONSEQUENT RESOLUTIONS:**

- 5.1) VOTE FOR THE APPOINTMENT OF AN EFFECTIVE STATUTORY AUDITOR;**
- 5.2) VOTE FOR THE APPOINTMENT OF AN ALTERNATE STATUTORY AUDITOR;**
- 5.3) TO THE EXTENT NECESSARY, VOTE FOR THE APPOINTMENT OF A FURTHER ALTERNATE STATUTORY AUDITOR.**



**REPORT OF THE BOARD OF DIRECTORS PURSUANT TO ARTICLE 125-TER OF  
LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998, AS SUBSEQUENTLY AMENDED**

Dear Shareholders,

you were convened to resolve upon the following **item 5)** on the agenda of the Ordinary Shareholders' Meeting:

**“Integration of the Board of Statutory Auditors; related and consequent resolutions:**

- 5.1) vote for the appointment of an effective Statutory Auditor;**
- 5.2) vote for the appointment of an alternate Statutory Auditor;**
- 5.3) to the extent necessary, vote for the appointment of a further alternate Statutory Auditor.”**

Please note that on 2 May 2023 Mrs. Piera Vitali (appointed from the minority List no. 2), resigned from her position as alternate Statutory Auditor of Banca Monte dei Paschi di Siena S.p.A. (hereinafter the “**Bank**” or “**BMPS**”).

Subsequently, on 15 May 2023, following the resignation of Mr. Roberto Serrentino (appointed from the majority List no.1) as effective Statutory Auditor of the Bank, the only alternate Statutory Auditor, Mr. Pierpaolo Cotone (appointed from the majority List no.1), took over as effective Statutory Auditor, and will remain in office until the Shareholders' Meeting called on 11 April 2024, which, pursuant to Article 2401 of the Italian Civil Code, is required to proceed to carry out the necessary integration of the Board of Statutory Auditors. Should the Shareholders' Meeting not confirm Pierpaolo Cotone as effective Statutory Auditor, he will return, by operation of law, to hold the position of alternate Statutory Auditor.

The appointment process for the integration of the Board of Statutory Auditors complies with the applicable provisions of law (article 2401 of the Italian Civil Code and article 148 of the Legislative Decree no. 58 of 24 February 1998 (“**Consolidated Financial Act**” or “**TUF**”), regulations (article 144-*sexies* of the Issuers Regulation, adopted by Consob with Resolution no. 11971/1999, as subsequently amended) and the By-Laws (article 25 paragraph 8, letter e) concerning the replacement of the members of the Board of Statutory Auditors during their term of office, and thus without application of the list voting system. The candidates are indeed **appointed by the Shareholders' Meeting by relative majority vote, on the basis of the candidature proposals submitted by shareholders, in compliance with the principle of necessary representation of minorities and the principle of gender balance** set forth by said applicable legislation.

In this regard, please note that, pursuant to Article 25 of the By-Laws, the Board of Statutory Auditors of BMPS is composed of three effective Statutory Auditors and two alternate Statutory Auditors.

Pursuant to the aforementioned provision of the By-Laws, the Ordinary Shareholders' Meeting held on 20 April 2023 appointed the members of the Board of Statutory Auditors for the financial years 2023-2024-2025, on the basis of the lists submitted by the shareholders, in compliance with the principle of necessary representation of minorities and the principle of gender balance provided for by the applicable legislation.



Currently, following the changes mentioned above, the Board of Statutory Auditors is composed of: (i) Enrico Ciai, Chairperson of the Board of Statutory Auditors indicated by the minority List. no. 2; Lavinia Linguanti, effective Statutory Auditor indicated by the majority List no. 1 submitted by the Ministry of Economy and Finance (hereinafter "**MEF**") and (iii) Pierpaolo Cotone, indicated by said majority List no. 1, Statutory Auditor who, as above said, took over such position on 15 May 2023, and will remain in office until the Shareholders' Meeting called on 11 April 2024. The assessment of the requirements and suitability of the members of the Board of Statutory Auditors, carried out by the Board of Statutory Auditors, as the competent body, pursuant to the provisions of the Decree of the Ministry of Economy and Finance no. 169/2020 (hereinafter the "**Decree 169/2020**"), concluded with the positive Decision by the European Central Bank on 26 September 2023.

In light of the above, pursuant to the law and the By-Laws, you are invited to resolve upon the integration of the Board of Statutory Auditors, proceeding, as provided for in the agenda, with separate votes, also in order to facilitate the shareholders in the submission of the candidatures and the expression of their votes by proxy, taking into account what specified below and the dependence of the vote no. 5.3 (if any) from the outcome of the vote no. 5.1 on the appointment of an effective Statutory Auditor.

Depending upon the candidatures proposals submitted by the shareholders and the votes given for the appointment of the effective Statutory Auditor (*i.e.* vote no. 5.1), two alternative scenarios may be envisaged:

(i) should **Pierpaolo Cotone be confirmed as effective Statutory Auditor**, in order to integrate the Board of Statutory Auditors, the Shareholders' Meeting shall resolve upon the appointment of **2 (two) Alternate Statutory Auditors** by means of votes no. 5.2 and 5.3 (vote no. 5.3. would indeed be necessary in order to appoint a further alternate Statutory Auditor which would be missing as result of the appointment of Mr. Cotone, as effective Statutory Auditor of the Bank;

or:

(ii) should **a new effective Statutory Auditor be appointed**, for the purposes of the integration of the Board of Statutory Auditors, the Shareholders' Meeting shall resolve upon the appointment of **only one alternate Statutory Auditor** by means of vote no. 5.2 (vote no. 5.3 would indeed not be necessary in this case, as Mr. Cotone would return, by operation of law, to hold the office of alternate Statutory Auditor of the Bank).

Please note that that pursuant to article 2401, paragraph 1 of the Italian Civil Code, the members of the Board of Statutory Auditors to be appointed by the Shareholders' Meeting on 11 April 2024 shall cease to hold their office together with the members currently in office.

Kindly find below some useful information for Shareholders to submit candidatures for the integration of the Board of Statutory Auditors.

### **Methods and deadlines for the submission of candidatures**

For the selection of candidates, Shareholders are invited to take into account the indications contained in the document "*Orientamenti del Collegio Sindacale di Banca Monte dei Paschi di Siena S.p.A. agli Azionisti sulla dimensione e*



*composizione del nuovo Collegio Sindacale” (Guidelines of the Board of Statutory Auditors of Banca Monte dei Paschi di Siena S.p.A. to Shareholders on the size and composition of the new Board of Statutory Auditors” (hereinafter the “Guidelines”), formulated by the outgoing Board of Statutory Auditors on the occasion of the Shareholders’ Meeting of 20 April 2023, that appointed the Board of Statutory Auditor in office, available on the Bank's website [www.gruppompis.it](http://www.gruppompis.it) - section Corporate Governance – Assemblee azionisti e CdA in the Shareholders' Meeting documentation and deposited at the registered office of the Bank and the market management company, containing the assessments of the outgoing Board of Statutory Auditors on its optimal qualitative and quantitative size and composition, as well as the theoretical profile (including the managerial and professional characteristic and skills deemed appropriate, taking into account also BMPS’ sectoral characteristics and diversity criteria, including gender) of the candidates deemed appropriate, so that the choice of candidates to be presented can take into account the required professionalism and characteristics.*

Attention is also drawn to the need for the members of the Board of Statutory Auditors to meet **the fit and proper requirements** of banking officers (and, in particular for the member of the Board of Statutory Auditors) established by the legal, regulatory and By-Laws provisions, it being understood that the Board of Statutory Auditors is required to carry out its own assessments on the candidates elected for the purposes of the laws and regulations in force regarding compliance with the fit and proper requirements to hold the position, as well as the assessments for the purposes of the so-called “interlocking ban”.

For the purposes of "suitability", in addition to the **requirements of reputation** (uniform for all banking officers), **professionalism** (graduated according to the principles of proportionality, according to the role held, e.g. Chairperson or member of the Board of Statutory Auditors), and **independence**, banking officers must: *i)* meet **criteria of competence and correctness**, *ii)* be able to act with **independence of mind** and awareness of the duties and rights associated with the office and *iii)* have the **availability of adequate time to carry out their assignment** (for the estimation of the time to be devoted to the office, please refer to the Guidelines), in compliance with the **limits on the accumulation of offices** established by the law.

In this regard, particular mention should be made of the following: *i)* article 26 of Legislative Decree no. 385/1993 (“**Consolidated Banking Act**” or “**TUB**”), which implemented the European legislation on the suitability of bank officers to hold the office (“**CRD Directive**”); *ii)* the relevant implementing provisions contained in Decree 169/2020; *iii)* article 148 of the TUF as regards the requirement of independence; *iv)* the EBA-ESMA Guidelines on the assessment of the suitability of members of the management body and personnel holding key roles, updated in July 2021; *v)* the ECB Guide to fit and proper assessments, updated in December 2021; *vi)* Circular no. 285/2013 of the Bank of Italy (Part One, Title IV, Chapter 1 “Corporate Governance”, as subsequently amended; *vii)* the Corporate Governance Code (in particular article 2, Recommendation 7 and 9 on the independence requirement); as well as *viii)* article 36 of the Legislative Decree no. 201/2011, converted by Law no. 214/2011 on the so-called “interlocking ban”

Furthermore, it is recalled that those who are in **situations of incompatibility** established by the law, including those resulting by the above mentioned law on the “interlocking ban”, cannot be elected Statutory Auditors or, if



elected, shall forfeit their office. All of the above without prejudice to the **limits on the accumulation of offices** for the effective Statutory Auditors established by the applicable law.

The Statutory Auditors cannot hold positions in banks other than those belonging to the Monte dei Paschi di Siena Banking Group and those in which there is a situation of joint control and they cannot assume positions in bodies other than control bodies of other Group companies or companies of the financial conglomerate, as well as in companies in which the Bank holds, even indirectly, a strategic shareholding.

At least one of the alternate Statutory Auditors, appointed as above said, must be enrolled in the register of statutory auditors and have carried out legal auditing of accounts for a period of no less than three years.

Taking into account the need to ensure **compliance**, pursuant to the law and the By-Laws, **with the gender balance and the principle of necessary representation of minorities** according to which, at the end of the voting, **the alternate Statutory Auditors must be of different gender, and at least one of them must be expression of the minority shareholders**, with reference to the candidatures to be submitted by the shareholders, please take note of the following (and in particular point II below):

I. with regard to the **appointment of the effective Statutory Auditor (vote no. 5.1)**, taking into account that:

- an effective Statutory Auditor taken from the majority List is to be replaced and
- there is already an effective member of the Board of Statutory Auditors taken from the minority List (the Chairperson Mr. Enrico Ciai) and the two effective Statutory Auditors in office from April 2023 are of different gender,

the respect of the principles of gender balance and minorities representation is already ensured and therefore there are no gender or minority constraints on the candidatures to be submitted with respect to vote no. 5.1;

II. with regard to **the appointment of the alternate Statutory Auditor(s) (vote no. 5.2 and to the extent necessary, vote no. 5.3)**, taking into account that:

- the resigning alternate Statutory Auditor to replace was taken from a minority List and belonged to female gender;
- at the present time, since the outcome of vote no. 5.1 cannot be known and therefore it may be necessary to appoint two alternate Statutory Auditors, as specified above,

**in order to ensure compliance with the gender balance (as also set forth by the By-Laws), the (majority and minority) shareholders are requested to submit 2 (two) candidates belonging to different genders for the appointment of the alternate Statutory Auditor(s) under votes no 5.2 and, to the extent necessary, no. 5.3.**

The proposals containing the candidatures shall be submitted together with the following documents: (i) declarations by which the candidate accepts his/her candidacy and certifies, under his/her own responsibility, the absence of causes of ineligibility and incompatibility, including the non-existence of material situations pursuant



to article 36 “Protection of competition and personal cross shareholdings in the credit and financial markets” of Decree Law no. 201/2011 – Law no. 214/2011 (the latter only for candidates for the position of effective Statutory Auditor), as well as that he/she meets the requirements and eligibility criteria prescribed for the office by applicable laws, regulations and the By-Laws;

(ii) a *curriculum vitae* (both in Italian and English) containing personal and professional skills of the candidate, indicating the management and control positions held in other companies; in particular the candidate must declare that he/she does not hold office in banks other than those belonging to the Monte dei Paschi di Siena Banking Group and banks jointly controlled and

(iii) duly signed privacy statement according to the form available on the Bank’s website.

The templates for the statements are available on the Bank's website [www.gruppomps.it](http://www.gruppomps.it) - Corporate Governance section - Shareholders' and BoD Meetings in the Shareholders' Meeting Documents.

Considering that the participation in the Shareholders’ Meeting is allowed exclusively through the Designated Representative (as defined in the Notice of Call of the Shareholders' Meeting), who may only be given voting instructions, the Shareholders are invited to submit any candidature and resolution proposals for the integration of the Board of Statutory Auditors well in advance, and in any case with the methods and within the deadlines set out in the Notice of Call of the Shareholders' Meeting for the individual proposals of the shareholders, and therefore **by 27 March 2024**, by sending them - together with the certificate of ownership of the shareholding and a copy of a valid identity document (for natural persons) or of the documents proving the relevant powers (for legal entities) - from one's own certified electronic e-mail address to the following address [bancamps.settoreaffarisocietari@postacert.gruppo.mps.it](mailto:bancamps.settoreaffarisocietari@postacert.gruppo.mps.it) and, for information, to the e-mail address [settore.societario@mps.it](mailto:settore.societario@mps.it)

The candidature proposals - subject to verification of their correctness and completeness with respect to the applicable regulations - will be published on the Bank's website **by 29 March 2024**, in order to enable those entitled to vote to express their voting instructions and to allow the Designated Representative to collect any voting instructions also on said proposals.

Lastly, it should be recalled that each person entitled to vote may vote for only one proposal for each voting.

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Dear Shareholders,

in light of the above, you are invited to take the related decisions with regard to the integration of the Board of Statutory Auditors.

The appointed effective Statutory Auditor will remain in office for the remaining period of the current term of office and, therefore, until the date of the Shareholders' Meeting for the approval of the financial statements for the year 2025. The appointed effective Statutory Auditor will be entitled to the annual remuneration (in the *pro-tempore* due amount), determined by the Shareholders' Meeting of 20 April 2023 for the members of the Board of Statutory Auditors.

Siena, 8 March 2024

For the Board of Directors

Nicola Maione

Chairperson of the Board of Directors