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

**ORDINARY SHAREHOLDERS' MEETING**

20 April 2023 (on a single call)

**EXPLANATORY REPORT BY THE BOARD OF DIRECTORS**

**CONCERNING ITEM 10) ON THE AGENDA**

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

**APPOINTMENT OF THE CHAIRPERSON AND OF THE OTHER MEMBERS OF THE BOARD  
OF STATUTORY AUDITORS FOR FINANCIAL YEARS 2023-2024-2025; RELATED AND  
CONSEQUENT RESOLUTIONS**



**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 10)** on the agenda of the Ordinary Shareholders' Meeting:

**“Appointment of the Chairperson and of the other members of the Board of Statutory Auditors for financial years 2023-2024-2025; related and consequent resolutions”.**

The Board of Statutory Auditors of Banca Monte dei Paschi di Siena S.p.A. (hereinafter the **“Bank”** or **“BMPS”**) appointed by the Ordinary Shareholders' Meeting on 18 May 2020 for financial years 2020-2021-2022, also expires with the Shareholders' Meeting convened today. It is therefore necessary to proceed to appoint the members of the Board of Statutory Auditors for financial years 2023-2024-2025.

In this respect, please note that pursuant to the provisions of Article 25 of the By-Laws, the Board of Statutory Auditors is made up of three effective members and two alternate members.

Pursuant to the above-mentioned provision of the By-Laws, the members of the Board of Statutory Auditors will be appointed on the basis of lists submitted by the Shareholders. It should be recalled that Shareholders who, individually or together with other Shareholders, collectively hold shares representing at least 1% of BMPS share capital have the right to submit lists.

As regards the provisions of law and By-Laws relating to the composition of the lists, while referring also to what is indicated in the By-Laws (article 25) and in the notice of call, it is recalled, in particular, that the lists must consist of two sections: one for the appointment of the effective Statutory Auditors and one for the appointment of the alternate Statutory Auditors; the candidates must be listed by progressive number and their number must not exceed the number of members to be elected.

The lists with a number of candidates equal to or above three must include candidates of different gender in the first two places of the list under the section of the candidates for the office of effective Statutory Auditors, in compliance with the applicable on gender balance legislation, also taking into account the benefits that may derive from the presence in the Board of Statutory Auditors of different genders, age groups and seniority in office, without prejudice to the necessity to ensure an adequate competence and professionalism of the members of this body.

In this regard, it should be noted that, currently, the least represented gender shall obtain at least two-fifths of the elected effective Statutory Auditors, rounded down to the lower unit as it is made up of three members – *id est* at least 1 effective Statutory Auditor - see article 148 of Legislative Decree no. 58/98 Consolidated Financial Act as subsequently amended (hereinafter the **“TUF”**), as amended by Law no. 160/2019, and by article 144 *undecies*-1 paragraph 3 of Consob Resolution no. 11971/99 – **“Issuers' Regulation”**).



It should be noted that the Supervisory Provisions, as defined below, indicate as a good practice that the positions of chairperson of the strategic supervisory body, chairperson of the control body, chief executive officer and general manager are not held by members of the same gender.

If the section of the alternate Statutory Auditors of said lists indicates two candidates, they must belong to different genders.

The appointment process complies with the legislative and regulatory provisions applicable on this matter, with particular reference to the prior identification by the outgoing Board of Statutory Auditors of its overall qualitative-quantitative composition deemed optimal, identified also pursuant to articles 11 and 12 of the Decree of the Ministry of Economy and Finance no. 169/2020 (hereinafter the “**MEF Decree 169/2020**”), identifying and justifying also the theoretical profile (including the skills and characteristics of professionalism and independence) of the candidates deemed appropriate for these purposes, so that the choice of candidates to be presented can take into account the required professionalism and characteristics.

Shareholders are therefore 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**”), 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 the required requisites of each of its members, as well as on its collective composition, in terms of balance and complementarity between the experiences and skills of its members, such as to allow the Board of Statutory Auditors understand the business areas and risks to which the BMPS Group is exposed and to perform its role in an optimal manner.

Attention is also drawn to the need for the members of the Board of Statutory Auditors to meet the fit and proper requirements of bank officers (and, in particular, of the members of the Board of Statutory Auditors) 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 and independence (graduated according to the principles of proportionality depending on the role held, 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 (so-called “**Consolidated Banking Act**” or “**TUB**”), which implemented the European legislation on the suitability of bank officers to hold the office (so-called “**CRD Directive**”); *ii)* the relevant implementing provisions contained in MEF 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, hereinafter the “**Supervisory Provisions**”); *vii)* the Corporate Governance Code (in particular article 2, Recommendation 7 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”.

Also, as regards fit and proper requirements, it should be noted that, as recently envisaged by the Supervisory provisions on the procedure for assessing the suitability of bank officers issued by the Bank of Italy in May 2021, the person who intends to present candidates for appointments to be made by the Shareholders’ Meeting in banking groups’ parent companies, may send the Bank of Italy, in good time before the presentation itself, the information available and, where possible, its assessments regarding the suitability of the candidates identified to cover roles of specific relevance (*id est* as chairperson of the board of directors, director or chief executive officer, general manager, chairperson of the board of statutory auditors). The above in order to facilitate the comparison between the Bank of Italy and the intermediaries in the subsequent fit and proper assessment and promote, in particular, an orderly process of succession in the top management positions of the intermediaries. Even if the above-mentioned process is put in place, the fit and proper assessment to be carried out following the appointment pursuant to the current legislation, remains unaffected.

Furthermore, it is recalled that those who are in situations of incompatibility established by law cannot be elected Auditors or, if elected, shall forfeit their office.

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 effective Statutory Auditors and at least one of the alternate Statutory Auditors 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. For further details in this regard, please refer to MEF Decree 169/2020 and to the other relevant legislation on this subject.

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As regards the shareholders' meeting appointment procedure with list voting, it should be noted that, on the basis of the provisions of article 25 of the By-Laws, the Board of Statutory Auditors will be elected as summarized below:

- the first two candidates of the list which has obtained the majority of votes and the first candidate of the list ranking second by number of votes and which is not related, even indirectly - according to applicable legislative and regulatory provisions - with the subjects who submitted or voted the list ranking first by number of votes, shall be elected as effective Statutory Auditors;
- the first candidate of the list which has obtained the majority of votes and the first candidate - or the second candidate if the first is of the same gender as the first candidate of the list which has obtained the highest number of votes - of the list ranking second by number of votes and that it is not related, even indirectly - according to applicable legislative and regulatory provisions - with the subjects who submitted or voted the list ranking first by number of votes, , shall be elected as alternate Statutory Auditors;
- in the event that an elected candidate cannot accept the office, the first of the non-elected candidates of the list to which the candidate who did not accept, shall be appointed;
- the effective Statutory Auditor taken from the list ranking second by number of votes which is not related, even indirectly - according to applicable legislative and regulatory provisions - with the subjects who submitted or voted the list ranking first by number of votes, shall be elected Chairperson, provided that he/she meets the specific professionalism requirements required by applicable laws and regulations.

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

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Dear Shareholders, you are therefore invited to proceed with the appointment of the members of the Board of Statutory Auditors in compliance with the By-Laws and legal provisions.

Siena, 10 March 2023

For the Board of Directors  
Maria Patrizia Grieco  
Chairperson of the Board of Directors