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

SHAREHOLDERS' MEETING

12 April 2022 (on a single call)

EXPLANATORY REPORT BY THE BOARD OF DIRECTORS

CONCERNING ITEM 6) ON THE ORDINARY SESSION OF THE AGENDA

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

**APPOINTMENT OF A DIRECTOR FOR INTEGRATION OF THE BOARD OF
DIRECTORS; RELATED
AND CONSEQUENT RESOLUTIONS.**



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

Dear Shareholders,

You have been called to this Shareholders' Meeting to resolve upon the following **item 6)** on the agenda of the Ordinary Session:

“Appointment of a Director for integration of the Board of Directors; related and consequent resolutions”.

It is recalled that on the occasion of the appointment of the Board of Directors in office, the Shareholders' Meeting of 18 May 2020 resolved, *inter alia*, to determine in 15 (fifteen) the number of the members of the Board of Directors. The discussion and the vote on this item 6) on the agenda, Ordinary Session, is subject to the previous item no. 4 on the agenda, Ordinary Session, since, in the event that the Shareholders' Meeting approves the revocation of the Director Mr. Guido Bastianini, it is necessary to provide for the integration of the Board of Directors, appointing a Director to reconstitute the number of 15 (fifteen) members, which was resolved by the Shareholders' Meeting of May 18, 2020.

Therefore, in case of approval of the previous item no. 4 on the agenda, Ordinary Session, You are invited to proceed with the integration of the Board of Directors of the Bank, in accordance with article 15, paragraphs 8 and 10 of the By-Laws, and thus pursuant to, and with the majorities required by the law, not being applicable in this case (election of a Director for integration of the Board of Directors), the list voting system set forth by the By-Laws and Legislative Decree no. 58/1998, as subsequently amended (hereinafter, “**Consolidated Law on Finance**” or “**TUF**”), without prejudice to comply in any case with the necessary requirements established by the applicable legislation and the By-Laws with respect to the independence of directors and gender balance.

In this regard, please note that on 18 May 2020 the Shareholders' Meeting appointed the current Board of Directors for the financial years 2020-2021-2022, on the basis of the lists submitted by the shareholders, in compliance with the principle of the necessary representation of minorities, the minimum number of independent directors and the gender balance provided for by the applicable legislation. Following the co-optation resolved upon by the Board of Directors on 7 February 2022, 11 (eleven) Directors in office meet the independence requirements established by the applicable law and by the Corporate Governance Code, and 6 (six) Directors, equal to 40% of the members, belong to the female gender (less represented).

Criteria set forth by the applicable law and the By-Laws with respect to independent directors and gender balance

Please note that, regardless of the approval of the proposed resolutions under items no. 4 and no. 5 on the agenda, Ordinary Session, taking into account the composition of the Board of Directors in office as represented above in terms of independent directors and gender balance, regardless of whether – under this item no. 6 – a male or a female director is appointed by the Shareholders' Meeting and he/she is in possession or not of the independence requirements, the minimum requirements provided for by the law and the By-Laws will continue to be complied



with, as regards: *i*) the number of independent directors (at least 1/3, and therefore at least 5, considering that no. 11 independent Directors are already in office) and *ii*) the gender quotas (at least 2/5, and therefore at least 6 members of the less represented gender, considering that are already in office no 6) female Directors (the less represented gender).

Appointment process

The appointment process is in accordance with: *i*) Legislative Decree no. 385/1993, as subsequently amended (hereinafter, the “**Consolidated Law on Banking**” or “**TUB**”) and the related implementing provisions contained in Ministerial Decree no. 169/2020, *ii*) the criteria provided for by the Bank of Italy Circular no. 285/2013, as subsequently amended - Part 1, Title IV, Chapter 1, Section IV, Paragraph 2.1., on the composition of the collective bodies, hereinafter the “**Supervisory Provisions**” (*Disposizioni di Vigilanza*) - and *iii*) the Directive no. 2013/36/EU, as subsequently amended (hereinafter, the “**CRD Directive**”).

With regard to the prior identification by the Board of Directors (with the support of the Appointment Committee) of its qualitative and quantitative composition deemed optimal, identifying and motivating the theoretical profile (including the professional characteristics) of the candidates considered appropriate for such purposes, please note that the guidelines formulated by the outgoing Board of Directors, concerning the size and composition of the Board of Directors and the required managerial and professional figures (which was published on the occasion of the Shareholders’ Meeting of 18 May 2020 and referred to also for the appointment of a Director following co-optation under the previous item 5 on the agenda, Ordinary Session) are to be considered valid and applicable (hereinafter the “**Guidelines of the Board of Directors**” or “**Guidelines**”). The Guidelines of the Board of Directors are available on the Bank’s website together with the documents of this Shareholders’ Meeting, as better represented in the following paragraph “Submission of candidatures”.

Suitability requirements

Directors must be suitable to carry out their office and meet the requirements provided for by the applicable legislation (in particular article 26 TUB and related implementing provisions - including Ministerial Decree no. 169/2020 - and the Corporate Governance Code).

In this regard, it is recalled that the Decree of the Ministry of Economy and Finance no. 169 of 23 November 2020 (“*Regolamento in materia di requisiti e criteri di idoneità allo svolgimento dell’incarico degli esponenti aziendali delle banche [...omissis]*”) came into force on 30 December 2020. Said Decree regulates, *inter alia*, for the members of the board of directors, the requirements of good repute and the criteria of correctness (articles 3 and 4), the requirements of professionalism and the criteria of competence (articles 7 and 10), the requirements of independence (article 13) and independence of mind (article 15), the availability of time to carry out the offices (article 16) and the limits on the accumulation of offices (article 17).



In the case at stake, since it is an appointment by the Shareholders' Meeting, the assessment of the requirements and suitability of the new member by the Board of Directors, as the competent body, will be carried out after the appointment itself, as provided for by the Supervisory regulations on the procedure for the assessment of the suitability of bank exponents issued by the Bank of Italy and in force since July 2021, without prejudice to the consequent assessment procedure by the Supervisory Authority pursuant to the applicable legislation.

Submission of candidatures

Considering that, in compliance with the applicable legislation, including in particular article 106 of Decree Law no. 18/2020, converted with amendments by Law no. 27/2020, as extended by article 3 paragraph 1 of Decree Law no. 228/2021, converted with amendments by Law no. 15/2022, the participation in the Shareholders' Meeting is allowed exclusively through the Appointed Representative (as defined in the Notice of Call of the Shareholders' Meeting), to whom only voting instructions can be given, the Shareholders are invited to submit any candidates and resolution proposals for the integration of the Board well in advance, and in any case with the modalities and within the terms indicated in the Notice of Call of the Shareholders' Meeting for the individual proposals of the Shareholders, and therefore, with respect to this item 6) on the agenda, **by 1 April 2022**, sending them - together with certification attesting the ownership of the participation and a copy of a valid identification document (for natural persons) or documentation attesting the relevant powers (for legal persons) - by means of own certified electronic e-mail address to the following e-mail address bancamps.settoreaffarisocietari@postacert.gruppo.mps.it and, for information, to the e-mail address settore.societario@mps.it.

The proposals containing the candidatures shall be sent together with the declaration of acceptance of the office by each candidate attesting, under his/her own responsibility: (i) the absence of ineligibility and incompatibility causes and material situations pursuant to article 36 of Decree Law no. 201/2011 (converted by Law no. 214/2011 "*Tutela della concorrenza e partecipazioni personali incrociate nei mercati del credito e finanziari*"), (ii) the existence of the requirements set forth by the applicable legal and regulatory provisions as well as by the By-Laws and (iii) a *curriculum vitae* (in Italian and English) containing detailed information on the professional qualifications and a list of any administration and control positions held in other companies. Candidates are also required to declare they do not hold the position of member of the board of directors, management board or supervisory board of competing banks, not belonging to the Monte dei Paschi di Siena Banking Group, which have a banking license issued by the supervisory authority and operate in the markets of bank funding or ordinary credit in Italy.

The candidatures proposals - subject to verification of their correctness and completeness with respect to the applicable legislation - will be published **by 1 April 2022** on the Bank's website, in order to allow those entitled to vote, to formulate their voting instructions in this regard and allow the Appointed Representative to collect any voting instructions also on said proposals.

Please note that each person entitled to vote may vote for only one proposal.



For the above purposes and in compliance with the Supervisory Provisions, reference should be made to the contents of the Guidelines of the Board of Directors (made available to the Shareholders on the Bank's website www.gruppomps.it - Corporate Governance - Assemblee azionisti e Cda -, at the registered office and at the market management company) regarding the size and composition of the Board, the managerial and professional figures and the theoretical profile of the candidates deemed appropriate for these purposes, so that the choice of candidates may take into account the professional skills and the prescribed requirements. The validity of said Guidelines was confirmed by the same Board of Directors on the occasion of the co-optation of the Director Mr. Luigi Lovaglio.

It should also be noted that the candidates, as banking officers, must meet the requirements established not only by the Italian Civil Code, but also by the TUB and the related implementing Decree (*i.e.* the Ministerial Decree no. 169/2020), as well as by the supervisory regulations, which, in the event of appointment by the Shareholders' Meeting, will be subject to the assessment by the Board for the purposes of: *i)* the applicable legislation on requirements and suitability criteria, as well as *ii)* the so-called ban on interlocking directorates, without prejudice to the subsequent assessment procedure by the Supervisory Authority.

In this regard, it should be noted that, for the purposes of the suitability of the officers required by article 26 of the TUB, as governed by the relative implementing Decree (*i.e.* the Ministerial Decree no. 169/2020), in addition to the requirements of good repute (uniform for all the officers), professionalism and possible independence (graduated according to principles of proportionality), also the criteria of competence and correctness - as provided for by Ministerial Decree no. 169/2020 - must be met.

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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 Directors, it being understood that the discussion and the vote on this item 6) on the agenda, Ordinary Session, remains subject to the hypothesis that the Shareholders' Meeting, in relation to the previous item 4 on the agenda, Ordinary Session, resolved to revoke a Director and it is therefore necessary to integrate the Board of Directors in order to reconstitute the number of 15 (fifteen) members, as determined by the Shareholders' Meeting of 18 May 2020.

The appointed Director will remain in office for the remaining period of the current term of office and, therefore, until the date of the Shareholders' Meeting held for the approval of the financial statements for the year 2022. The appointed Director will be entitled to the annual remuneration (in the *pro-tempore* due amount), determined by the Shareholders' Meeting of 18 May 2020 for the members of the Board of Directors, which equals to EUR 65,000, in addition to the reimbursement of any expenses incurred in the performance of their duties.

Siena, 11 March 2022

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