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

SHAREHOLDERS' MEETING

6 April 2021 (single call)

EXPLANATORY REPORT BY THE BOARD OF DIRECTORS

CONCERNING ITEM NO. 5) ON THE ORDINARY SESSION OF THE AGENDA

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

**INTEGRATION OF THE BOARD OF STATUTORY AUDITORS; 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 SUPPLEMENTED AND AMENDED.**

Dear Shareholders,

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

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

Please note that, on 11 September 2020, Lorenzo Chieppa resigned from his office as Alternate Statutory Auditor of Banca Monte dei Paschi di Siena S.p.A. (hereinafter the “**Bank**” or “**BMPS**” or the “**Company**”).

Subsequently, on 26 January 2021, following the resignation of Alessia Bastiani as Statutory Auditor of the Bank, the only Alternate Statutory Auditor, Piera Vitali, took over as Statutory Auditor, and will remain in office until the first Shareholders' Meeting, 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, pursuant to the provisions of the law and the By-Laws, in compliance with the principle of necessary representation of minorities and the principle of gender balance provided for by the applicable legislation.

Should the Shareholders' Meeting not confirm Piera Vitali as Statutory Auditor, she will return to hold the position of Alternate Statutory Auditor.

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 standing members and two alternate members.

Pursuant to the aforementioned provision of the By-Laws, the Ordinary Shareholders' Meeting held on 18 May 2020 appointed the members of the Board of Statutory Auditors for the financial years 2020-2021-2022, 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: Enrico Ciai, Chairperson of the Board of Statutory Auditors indicated by the minority list; Luigi Soprano, Statutory Auditor indicated by the majority list submitted by the Ministry of Economy and Finance (hereinafter “**MEF**”); Piera Vitali, indicated by the minority list, Statutory Auditor who, as above said, took over such position on 26 January 2021, and will remain in office until the Shareholders' Meeting called on 6 April 2021.

The resigning Auditors Alessia Bastiani and Lorenzo Chieppa were both indicated by the majority list submitted by the MEF.



As mentioned above, the Shareholders' Meeting is called to resolve upon the integration of the Bank's control body in accordance with the law and the By-Laws, taking therefore into account the two following alternative hypotheses: (i) resolving to confirm Piera Vitali as Statutory Auditor and, at the same time, the appointment of two Alternate Statutory Auditors, who shall belong to different genders; or: (ii) resolving the appointment of a new Statutory Auditor belonging to the female gender and, at the same time, the appointment of an Alternate Statutory Auditor belonging to the male gender.

In the case of appointment of two Alternate Statutory Auditors, at least one shall be chosen from among the candidates proposed by shareholders other than the MEF, in order to ensure compliance with the principle of necessary representation of minorities.

The members of the Board of Statutory Auditors to be appointed by the Shareholders' Meeting on 6 April 2021 shall cease to hold their office together with the members currently in office.

It should also be noted that, as indicated in Article 25 of the By-Laws, those who find themselves in situations of incompatibility as provided for by the laws and who do not meet the requirements set forth by the applicable laws and regulations, cannot be elected as Auditors or, if elected, shall lapse from office. Without prejudice to the limits on the maximum number of offices which may be held pursuant to the applicable legislation the Statutory Auditors may not hold offices in banks other than those belonging to the Monte dei Paschi di Siena Banking Group and banks jointly controlled. Furthermore, the Statutory Auditors may not hold offices in bodies other than the control bodies in other companies of the Group or of the financial conglomerate, as well as in companies in which the Bank, also indirectly, holds a strategic shareholding.

It should also be noted that the Statutory Auditors must meet the requirements set forth by the applicable legislation (in particular, Article 148 of Legislative Decree no. 58/98 – “**Consolidated Law on Finance**” or “**TUF**” and Article 26 of Legislative Decree no. 385/1993 - “**Consolidated Law on Banking**” or “**TUB**” and related implementing provisions, the Corporate Governance Code).

In this regard, it should be noted that, on 30 December 2020 came into force MEF Decree no. 169 of 23 November 2020 “*Regulation on the suitability requirements and criteria for the members of management and control bodies of banks... [omissis]*” (hereinafter the “**Decree**”), which provides, *inter alia*, under Article 9 the “*Professionalism requirements for the members of the Board of Statutory Auditors*”, under Article 10 the “*Competence criteria for the members of management and control bodies and their evaluation*”, as well as, under Article 14 the “*Independence requirements for the Statutory Auditors*”.

According to the Decree, at least one of the Statutory Auditors and at least one of the Alternate Statutory Auditors must be enrolled in the register of accounting auditors and shall have carried out legal audit activities for a period of not less than three years.



The other members of the Board of Statutory Auditors must be chosen from among persons who carried out for at least three years, even alternatively, the activity of legal audit or one of the activities referred to in Article 7, Paragraph 2, of the Decree:

- a) professional activities in matters relating to the credit, financial, securities and insurance sectors or, in any event, functional to the bank's activities; the professional activity must be characterized by adequate levels of complexity, also with reference to the recipients of the services provided, and must be performed on a continuous and significant basis in the above-mentioned sectors;
- b) university teaching activities, such as a first or second level lecturer, in legal or economic subjects or in other subjects however functional to the activity of the credit, financial, securities or insurance sectors;
- c) managerial, executive or top management functions, howsoever called, in public bodies or public administrations relating to the credit, financial, securities or insurance sectors, provided that the entity, where the person held such functions, is of a size and complexity comparable to that of the bank in which the position is to be held.

It should also be noted that, after the appointment, the competent body shall verify the requirements and suitability of the persons appointed by the Shareholders' Meeting.

Finally, it should be noted that, as provided for by Article 25 of the Bank's By-Laws, the appointment of Statutory Auditors for the integration of the Board of Statutory Auditors pursuant to the aforementioned Article 2401 of the Italian Civil Code, is carried out by a relative majority (and therefore not by the list method), without prejudice to the compliance with the principle of necessary representation of minorities and the principle of gender balance provided for by the applicable legislation.

### **Presentation of candidates**

Given that attendance at the Shareholders' Meeting, in consideration of the COVID-19 epidemiological emergency, is only allowed through the Appointed Representative, to whom may only be given voting instructions, Shareholders are invited to submit any candidates and resolution proposals for the integration of the Board of Statutory Auditors well in advance, and in any case in accordance with the modalities and within the terms indicated in the Notice of Call of the Shareholders' Meeting for individual shareholders proposals (therefore **by 22 March 2021**), by transmitting them - together with certification attesting the ownership of the shareholding and a copy of a valid identity document (for individuals) or documentation attesting the relevant powers (for legal persons) - from one's own PEC 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 proposals with the candidatures shall take into account the compliance with the gender balance and the principle of the necessary representation of minorities, and shall be accompanied by a declaration of acceptance of the office by each candidate certifying, under his/her own responsibility, the absence of causes of ineligibility



and incompatibility, the existence of the requirements prescribed by legal and regulatory provisions and by the By-Laws, as well as a *curriculum vitae*, both in Italian and English language, containing exhaustive information on his/her professional characteristics and a list of any administration and control positions held in other companies. Candidates are also required to declare that they do not hold positions in banks other than those belonging to the Monte dei Paschi di Siena Banking Group and those in which a situation of joint control exists.

The proposals with the candidatures - subject to verification of their correctness and completeness with respect to the applicable regulations - will be published **by 24 March 2021** on the Company's website, in order to allow those entitled to vote to formulate their voting instructions on them and to allow the Appointed Representative to receive any voting instructions on them as well.

Finally, it is recalled that each person entitled to vote may vote for one proposal only.

Dear Shareholders, in light of the above, you are invited to adopt the relevant resolutions regarding the integration of the Board of Statutory Auditors.

Siena, 25 February 2021

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