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## **Recommendations on the Optimal Qualitative and Quantitative Composition of the Board of Statutory Auditors**

*Pursuant to Article 12, paragraph 1, of the Decree No. 169 dated 23 November 2020 of the Italian Minister of Economy and Finance.*

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## **INTRODUCTION**

The composition of the Company's boards plays a central role in the effective discharge of the tasks entrusted to them pursuant to law, supervisory instructions and the Articles of Association.

In view of each re-election of the control body, Article 12 of MEF Decree (as defined below) provides that each body – thus to be construed as referring to both the Board of Directors and the Board of Statutory Auditors – identify its optimal qualitative and quantitative composition in advance. Specifically, Article 11 of the MEF Decree provides that the composition of governance and control bodies must be adequately diversified, so as to: (i) foster dialogue and discussion within the bodies; (ii) facilitate the emergence of various approaches and perspectives in analysing issues and taking decisions; (iii) effectively support company processes for formulating strategies, managing activities and risks and monitoring the actions of senior executives; and (iv) taking account of the diverse interests that contribute to the bank's sound and prudent management.

The process of designing this qualitative and quantitative profile must be the outcome of in-depth, formalised analysis. The results of such analysis shall be submitted to the shareholders' attention in a timely manner so that the selection of candidates may take account of the requested professional characteristics.

For the above purposes, this document contains the guidance that the outgoing Board of Statutory Auditors of Banca Generali S.p.A. (hereinafter also "**Banca Generali**" or the "**Bank**") make available to its Shareholders, designed to support the process of formulating the best proposals for the quantitative and qualitative composition of the Bank's new Board of Statutory Auditors (the "**Guidance**"), which will be presented to the upcoming Shareholders' Meeting.

The outgoing Statutory Auditors hope that these proposals may be consistent with the profiles they have suggested, on the basis of their experience with the Bank's governance. They note that these proposals must also comply with sector legislation and the recommendations of the Supervisory Authorities, by which this Guidance is inspired.

The following is a summary of the applicable Italian and European legislation, including soft law:

- Article 148 of Italian Legislative Decree No. 58 of 24 February 1998 (Consolidated Law on Finance or "**TUF**");
- Article 26 of Italian Legislative Decree No. 385 of 1 September 1993 (Consolidated Law on Banking or "**TUB**");
- Article 36 of Italian Decree-Law No. 201 of 6 December 2011 "*Urgent measures for growth, equity and the consolidation of the public finances*" converted with amendments by Law No. 214 of 22 December 2011, so called "*Interlocking Directorship*" ("**Save Italy Decree**");
- Decree of the Italian Minister of Economy and Finance No. 169 of 23 November 2020, in effect since 30 December 2020, "*Regulation on the requirements and criteria for suitability to serve as member of the management of banks, financial intermediaries, guarantee consortia, electronic payment institutions, payment institutions and depositor guarantee systems*" (the "**MEF Decree**");
- Part I, Title IV, Chapter 1, Section IV (Composition of the company bodies) of the Bank of Italy's Circular No. 285 dated 17 December 2013, ("**Supervisory Provisions Concerning Banks**");
- the Corporate Governance Code for Listed Companies, approved by the Corporate Governance Committee of Borsa Italiana S.p.A. on 31 January 2020 and applicable by the companies adopting it as of the first financial year starting after 31 December 2020, informing the market thereof in the corporate governance report to be published in 2022 ("**Corporate Governance Code**");
- the Rules adopted by Consob under Resolution No. 11971 of 14 May 1999, as amended ("**Rules for Issuers**");

- the Rules adopted by Consob under Resolution No. 20249 of 28 December 2017, as amended (**“Regulation on Markets”**);
- the CRD IV, Regulation (EU) No. 575 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (**“CRR”**);
- *“Guide to fit and proper assessments”* dated 15 May 2017 as updated in May 2018 (**“ECB Guidelines”**);
- EBA Guidelines on Internal Governance (2017) in force as of 30 June 2018;
- EBA/ESMA Joint Guidelines on the assessment of the suitability of members of the management body and key function holders most recently published on 21 March 2018 and in force as of 30 June 2018 (**“EBA/ESMA Guidelines”**).

## **1. ROLE OF THE BOARD OF STATUTORY AUDITORS**

When preparing this qualitative and quantitative profile of the Board of Statutory Auditors, the body's supervisory role and functions were taken into consideration.

Accordingly, it must be considered that, within the governance system adopted by Banca Generali, the Board of Statutory Auditors is the body responsible for supervising compliance with the laws and Articles of Association, observance of the principles of sound management, and the adequacy of the organisational, administrative and accounting structure.

The Board of Statutory Auditors thus carries out the tasks and performs the control functions provided for in legislation applicable from time to time and Article 20 of the Articles of Association to which reference is made.

In addition, in accordance with the Supervisory Regulations for Banks and the Corporate Governance Code, the Board of Statutory Auditors performs the functions of Supervisory Body pursuant to Legislative Decree No. 231/2001.

## **2. POSSIBLE RECOMMENDATIONS BY THE BOARD OF STATUTORY AUDITORS IN VIEW OF THE GUIDANCE OPINION TO BE SUBMITTED TO THE FORTHCOMING GENERAL SHAREHOLDERS' MEETING**

The approval of the Financial Statements for the year ended 31 December 2020 marks the end of the term of Banca Generali's Board of Statutory Auditors appointed on 12 April 2018. Accordingly, at the next General Shareholders' Meeting, the Shareholders will be called on, *inter alia*, to appoint the new members of the Board of Statutory Auditors.

In light of the foregoing, and of the considerations presented in the introduction, the Bank's Board of Statutory Auditors is charged with identifying the qualitative and quantitative profile of the optimal composition of the body, considering that the professionalism of its members must be adequate to the tasks that the Statutory Auditors are tasked with performing within the framework of the body, also in light of the Bank's size and operational complexity, as well as in view of the future challenges that the Bank will have to face.

The experience gained in the course of the term with regard to the methods of operation of the Board of Statutory Auditors was also considered when preparing this profile.

This document is therefore made available to the Shareholders in a timely manner so that they may take account of it when selecting candidates.

## **3. QUALITATIVE AND QUANTITATIVE COMPOSITION OF THE BOARD OF STATUTORY AUDITORS**

### **3.1. THE QUANTITATIVE COMPOSITION OF THE BOARD OF STATUTORY AUDITORS**

Article 20, paragraph 1 of Banca Generali's Articles of Association establishes that the Board of Statutory Auditors is made up of 3 Acting Auditors, one of whom acts as Chairman of the said Board, as well as 2 Alternate Auditors.

### **3.2. THE QUALITATIVE COMPOSITION OF THE BOARD OF STATUTORY AUDITORS**

The members of the Board of Statutory Auditors must be fit to perform their duties, in accordance with applicable legislation *pro tempore* and the Articles of Association, and in particular they must meet the requirements of professionalism, integrity and independence and satisfy the criteria of competence, correctness and time commitment, as well as comply with the specific limits on the number of positions established by applicable legislation in force from time to time.

### **3.2.1. INDIVIDUAL INTEGRITY REQUIREMENTS AND CRITERIA OF CORRECTNESS**

Considering the importance that **integrity requirements** play from the standpoint of reputation, candidates for the position of Statutory Auditor of the Bank must meet the integrity requirements laid down in Article 3 of the MEF Decree.

Moreover, it should be noted that, pursuant to Article 20 of the Articles of Association, in addition to meeting the requisites required by Law for corporate officers appointed as statutory auditors should not have been convicted in relation to any offence referred to in Legislative Decree No. 231/01, nor should they have been convicted for any other malicious offence. Similarly, Statutory Auditors should not be committed for trial in relation to the same offences, being the said trial still underway.

In addition to meeting the aforementioned integrity requirements imposed by the law and Articles of Association, and without prejudice to satisfaction of the requirements indicated above, failure to meet which automatically entails dismissal from office, the candidates shall also meet **criteria of correctness** in past personal and professional conduct, in accordance with Article 4 of the MEF Decree.

The situations indicated in Article 4 of the MEF Decree will not automatically render a candidate unsuitable, but will require an assessment – according to one or more of the parameters indicated in Article 5 of the MEF Decree – by the Board of Statutory Auditors, conducted with regard to the principles of sound and prudent management and the protection of the Bank's reputation and public trust.

The correctness criterion is not met when one or more of the situations indicated in Article 4 of the MEF Decree outline a serious, precise and consistent framework of conduct in conflict with the objectives set out in paragraph 1 of the above Article.

### **3.2.2. INDIVIDUAL PROFESSIONALISM REQUIREMENTS**

On the basis of the applicable legislation, and in particular of Article 9 of the MEF Decree, candidates for the role of member of the Board of Statutory Auditors must meet certain professionalism requirements.

In particular, pursuant to Article 9, paragraph 1, of the MEF Decree, at least one of the Statutory Auditors, where three in number, and at least one of the Alternate Auditors, are chosen from among those registered in the register of auditors who have performed statutory auditing activity for a period of no less than three years.

Pursuant to Article 9, paragraph 2, of the MEF Decree, the other members of the Board of Statutory Auditors are chosen from among persons who have performed legal auditing activity or one of the activities set out in Article 7, paragraph 2 of the MEF Decree for at least three years (including on an alternative basis), *i.e.*, who have performed, for at least three years, either:

- a) professional activities relating to a subject in the credit, financial, securities or insurance sector, or otherwise functional to the Bank's activity; the professional activity must be marked by adequate levels of complexity, including as regards the beneficiaries of the services rendered, and must be performed continuously and to a significant degree in the sectors mentioned above;
- b) university teaching activity, as a first- or second-level lecturer, in legal or economic subject-matter or in other subject-matter otherwise functional to activity in the credit, financial, securities or insurance sector;
- c) management, executive or senior functions, howsoever designated, in public entities or public administrations relating to the credit, financial, securities or insurance sector and provided that the entity at which such functions were performed has size and complexity comparable to that of the bank in which the position is to be held.

It should be noted that pursuant to Article 9, paragraph 3, the **Chairman of the Board of Statutory Auditors** must be chosen from among persons meeting the requirements laid down by paragraph 1 or paragraph 2, respectively, of Article 9 of the MEF Decree – as cited above – who have professional experience of **at least two years more than that required by those same paragraphs**.

For the purposes of satisfaction of the above requirements, for Statutory Auditors who are not registered in the register of statutory auditors, account must be taken of experience gained in the 20 years prior to acceptance of the position; experience gained contemporaneously in multiple functions is counted solely for the period in which they were performed, and not cumulatively.

### **3.2.3. COMPETENCE CRITERIA**

In addition to the professionalism requirements mentioned above, candidates for the position of member of the Board of Statutory Auditors must meet the competence criteria laid down in Article 10 of the MEF Decree, aimed at proving that they are suitable to take up the position, considering the tasks inherent in their role and the Bank's size and operational characteristics.

Theoretical knowledge derived from study and training and practical experience gained by in previous or current professional activity are considered for this purpose. In particular, pursuant to Article 10, paragraph 2, of the MEF Decree:

- a) theoretical knowledge and practical experience gained in more than one of the following areas will be taken into consideration:
  - 1) financial markets;
  - 2) banking and financial sector regulations;
  - 3) guidance and strategic planning;
  - 4) organisational structures and corporate governance;
  - 5) risk management (identification, assessment, monitoring, control and mitigation of the main types of risks to which a bank is exposed, including the statutory auditor's responsibility in such processes);
  - 6) Internal Control System and other operational mechanisms;
  - 7) banking and financial activity and products;
  - 8) accounting and financial reporting;
  - 9) information technology;
- b) it will be analysed whether the theoretical knowledge and practical experience indicated in a) is suited for:
  - 1) the duties inherent in the role held and any delegated powers or specific assignments, including participation in committees;
  - 2) the characteristics of the bank and any banking group to which it belongs, in terms, *inter alia*, of size, complexity, type of activity performed, the associated risks, markets of reference and countries in which it operates.

In addition, in order to ensure the collective suitability of the Board of Statutory Auditors, including in light of criteria of diversity and the future challenges that the Bank will face, the outgoing Board of Statutory Auditors stresses that it is advisable for candidates for the Bank's new Board of Statutory Auditors represent a balanced composition of theoretical and/or technical experience and knowledge considering the following areas (in addition to those listed above):

- experience and knowledge of the markets of reference on which Banca Generali operates;
- knowledge of digital, innovation, fintech and alternative investment issues;
- experience with markets and investments with an international dimension;

- competence in and knowledge of strategy and business models;
- competence in and knowledge of social and environmental sustainability.

With particular regard to the role of Chairman of the Board of Statutory Auditors, and without prejudice to all the criteria laid down above, the outgoing Board of Statutory Auditors hopes that it will continue to be held by a candidate of recognised authority and standing and with a competence profile deriving from previous experience as an key office holder of listed companies of comparable complexity to Banca Generali.

The competence criterion is not satisfied when the information obtained regarding theoretical knowledge and practical experience outlines a serious, precise and consistent framework of the person's lack of suitability to hold the position. In the event of specific, limited deficiencies, the competent body (i.e., the Board of Statutory Auditors) may take the measures necessary to remedy them.

#### ***3.2.4. PERSONAL SKILLS***

In addition to the professionalism requirements set out above, the outgoing Board of Statutory Auditors recommends that the personal characteristics and soft skills, including the following, also be appropriately considered when selecting candidates:

- independence of mind and integrity;
- leadership;
- ability to communicate;
- balance in building consensus;
- ability to manage conflicts constructively;
- ability to function as part of a team;
- ability to interact with the management;
- ability to integrate sustainability issues into the vision of the business.

#### ***3.2.5. DIVERSITY AND GENDER QUOTAS***

In line with the Diversity Policy for members of Banca Generali's Company Boards, in addition to the mix of professional skills and competencies indicated in the Guidance, in order to ensure an adequate balance of aspects relating to diversity and inclusion, Banca Generali:

- recommends that the Shareholders take into consideration candidates belonging to different age ranges;
- recommends that the Shareholders consider the candidature of a suitable number of Auditors who are already serving to ensure continuity in the operations of the Board of Statutory Auditors;
- has established that – where a different rate is not provided for by law – at least a third of the Auditors must belong to the less represented gender;
- guarantees the less represented gender with access to the Board of Statutory Auditors, establishing that the lists, apart from those including fewer than three candidates, must contain a sufficient number of candidates to ensure an adequate gender balance.

As regards diversification by age group in particular, the outgoing Board of Statutory Auditors has decided not to set limits, believing that the age of the members of the Board of Statutory Auditors constitutes an important element of diversity that, combined with the others, enriches and enhances the Board of Statutory Auditors, contributing to forming a balance of experiences that otherwise would not be guaranteed.

As for gender diversity, reference is made to Article 148, paragraph 1-*bis*, of TUF, which requires compliance with a gender composition criterion for the Board of Statutory Auditors, according to which the less represented gender must be reserved at least two-fifths of the seats on the board.

In this regard, pursuant to Article 144-*undecies.1*, paragraph 3, of the Rules for Issuers, where the application of gender division criteria does not result in a whole number of members of the administrative or control body belonging to the least represented gender, this number is rounded up, except for the corporate bodies made up of three members, for which the rounding takes place by default to the lower unit.

**The gender quota mentioned above (i.e., at least two-fifths of the members elected, rounded to the lower unit in the case at hand) is in line – in view of the rounding – with the provisions of the Corporate Governance Code for Listed Companies, as well as with the provisions of the Diversity Policy for members of Banca Generali's company bodies, and therefore implements the recommendation by the outgoing Board of Statutory Auditors concerning the optimal composition of the Board with regard to gender balance.**

### ***3.2.6. INDEPENDENCE REQUIREMENTS***

The Board of Statutory Auditors must meet the independence requirements set by applicable legislation, and in particular those set out in:

- Article 148, paragraph 3, of TUF;
- Article 14 of the MEF Decree;
- Article 2, Recommendation No. 9 (which refers to Recommendation No. 7) of the Corporate Governance Code for listed companies.

The foregoing is without prejudice to the possibility for a member of the Board of Statutory Auditors to hold the position of Statutory Auditor in one or more Banca Generali banking Group companies concurrently.

#### ***3.2.6.1. INDEPENDENCE OF MIND***

All candidates for the position of member of the Board of Statutory Auditors are required to act, *inter alia*, in accordance with Article 15 of the MEF Decree, with full independence of mind and awareness of the duties and rights inherent in the office, in the interest of the sound and prudent management of the Bank and in accordance with applicable legislation from time to time and shall provide the information required pursuant to Article 15, paragraph 2, of the MEF Decree and the reasons why any cases relevant pursuant to this provision do not concretely undermine their independence of mind.

### ***3.2.7. TIME COMMITMENT AND NUMBER OF POSITIONS***

#### ***3.2.7.1. TIME COMMITMENT***

Members of the Board of Statutory Auditors must ensure adequate time commitment to perform their duties at Banca Generali. With specific regard to Banca Generali, it should be noted, on an informational basis, that in the three years from 2018 to 2020, the following were held on average for each year:

- 15 meetings of the Board of Directors of an average duration of approximately 3 hours;
- 15 meetings of the Internal Audit and Risks Committee of an average duration of approximately 2 hours;

- 9 meetings of the Nomination, Governance and Sustainability Committee of an average duration of approximately 1 hour;
- 8 meetings of the Remuneration Committee of an average duration of approximately 1 hour;
- 2 induction meetings of an average duration of approximately 3 hours;
- 20 meetings of the Board of Statutory Auditors of an average duration of approximately 1 hour;
- 6 meetings of the Board of Statutory Auditors in the capacity of Supervisory Body, of an average duration of approximately 45 minutes.

Account must also be taken of the time required to prepare for meetings, considering the many subjects to be discussed and the volume of the supporting documentation, along with the time needed to travel from home to the location of each meeting. Account must also be taken of the time needed to participate in induction meetings, recurring training and any additional offsite meetings over the three-year period.

The Board of Statutory Auditors also calls attention to the participation threshold expected for meetings of the Board of Statutory Auditors, with regard to which Article 2404 of the Italian Civil Code prescribes that “*statutory auditors who, without justification, do not participate in two meetings of the board of statutory auditors during a single financial year shall fall from office*”. The Board of Statutory Auditors also notes that Article 149 of the TUF requires, *inter alia*, that “*Members of the board of auditors who fail to attend shareholders' meetings without good cause or, in any one financial year, fail to attend two consecutive meetings of the Board of Directors or the Executive Committee shall be disqualified from office*” and therefore invites the Shareholders also to take account of the expected participation threshold for meetings of the Company’s Board of Directors and Shareholders' Meetings.

Accordingly, the Board of Statutory Auditors has prepared an estimate to be taken as a reference when assessing the minimum time deemed necessary for effectively completing the assignment on the basis of the following criteria that also contemplate those listed by the European Central Bank:

- number of meetings of the Board of Directors, including induction meetings and meetings of Board Committees (the latter meaning exclusively those that are mandatory pursuant to applicable provisions of law) <sup>(1)</sup>, the Board of Statutory Auditors and Supervisory Body;
- average duration of meetings;
- time needed for proper preparation for participation in meetings;
- time needed for any travel and preparation in view of corporate events;
- the nature of the specific position and the responsibilities of the candidate for the position of member of the Board of Statutory Auditors.

Office held	Estimated time days per year
Chairman of the Board of Statutory Auditors	<b>68 days</b>
Acting Auditor	<b>34/58 days</b>

<sup>(1)</sup> It should be noted that, in line with applicable provisions and the indications of relevant internal regulations, Acting Auditors’ participation in mandatory meetings of Board Committees is merely optional, as only the participation of the Chairman of the Board of Statutory Auditors (or of a substitute of the Chairman) is expressly required. However, the estimated time considers participation into mandatory meetings of Board Committees of both the Chairman of the Board of Statutory Auditors and the Acting Auditors, on the basis of the participation rate recorded over the previous term of office. With reference to Acting Auditors, a minimum and maximum range is provided based on the participation or non-participation to the above-mentioned Committees.

In preparing the table set out above, in line with the previous guidance, a day of 8 working hours has been considered.

In consideration of the foregoing, the Board of Statutory Auditors recommends that the candidates accept the position when they believe that they can dedicate the necessary time and energy to it, taking account of the time they will need to devote to (i) positions occupied at other companies, enterprises or entities, (ii) other work and professional activities performed, and (iii) other situations or circumstances relating to the professional life capable of affecting the time available to them.

### **3.2.7.2. NUMBER OF POSITIONS**

In line with the provisions of Article 17 of the MEF Decree, candidates for the office of member of the Board of Statutory Auditors of banks of large size or operational complexity, like Banca Generali, cannot hold a number of positions in banks or commercial companies that exceeds one of the following alternative combinations <sup>(2)</sup>:

- **1 executive position and 2 non-executive offices;** or
- **4 non-executive positions.**

It should also be noted that, for the purposes of recommendation No. 15 of the Corporate Governance Code for Listed Companies, the above limits also include any other positions on governance or control bodies of other listed or large companies.

Pursuant to Article 17, paragraph 1, MEF Decree, positions occupied at banks or other “commercial” companies as identified in the MEF Decree are relevant if they involve one of the activities set out in Article 2195, paragraph 1, of the Italian Civil Code, (*i.e.*, industrial activity aimed at producing goods and services, intermediary activity in the circulation of goods, ground, water or air transport, banking or insurance activity, and other activities ancillary to the foregoing).

These also include companies having their registered office abroad and qualifying as commercial companies in application of the provisions of the relevant legal system of the country in which the registered office or head office is located.

The positions cited in Article 18, paragraphs 1 and 2, of the MEF Decree are excluded from the calculation.

When calculating the limits on concurrent positions in question, account will be taken of the aggregation methods set out in Article 18 of the MEF Decree. Accordingly, a series of positions occupied in each of the following cases will be considered a single position:

- a) within the same group;
- b) at banks subject to the same institutional protection system;
- c) at non-group companies in which the bank holds a qualified equity interest, as defined in Regulation (EU) No. 575/2013, Article 4(1), point 36.

Where more than one of the cases set out in the foregoing letters a), b) and c) occur concurrently, the positions are summed cumulatively with one another. In the approach taken to concurrent positions, account will be taken of the consolidated situation on the basis of the scope of accounting consolidation.

The set of positions counted as a single position is considered an executive position if at least one of the positions held in the situations set out in letters a), b) and c) is executive; otherwise, it is considered a non-executive position.

In addition to the number of positions that a Statutory Auditor of the Bank may occupy, in the alternative combinations cited above, mention should be made of the possibility, where the

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<sup>(2)</sup> It should be noted that, for calculation purposes, the office held within Banca Generali is also considered, as established by Article 17, paragraph 2, of the MEF Decree.

requirements set out in Article 19 of the MEF Decree are met, of assuming 1 additional non-executive position beyond the limits indicated above, provided that it does not undermine the Statutory Auditor's ability to commit adequate time to the position within Banca Generali to discharge the requisite functions effectively.

The Board of Statutory Auditors therefore recommends that in selecting the candidates to be proposed the Shareholders verify that they would comply with the above limitations, even if they were to be appointed members of Banca Generali's Board of Statutory Auditors.

### **3.2.8. INCOMPATIBILITY**

Without prejudice to the limits set out above, in addition to the cases of incompatibility, ineligibility and forfeiture established by law, which may affect candidature and/or acceptance and/or retention of the position – including, without limitation, those laid down in Article 2382 of the Italian Civil Code – candidates for Statutory Auditor shall also comply with the prohibition on interlocking established by Article 36 of Decree Law No. 201 of 6 December 2011, "*Urgent measures for growth, equity and the consolidation of the public finances*", converted, with amendments by Law No. 214 of 22 December 2011.

The Board of Statutory Auditors therefore recommends that the Shareholders nominate candidates whom it has first been verified are not subject to the causes of incompatibility provided for in the above legislation.

## **4. INDUCTION AND TRAINING**

Finally, following on (i) the provisions of Article 12 of the MEF Decree and (ii) the recommendations of the Supervisory Regulations for Banks, the outgoing Board of Statutory Auditors promotes the participation of the Statutory Auditors in specific training initiatives designed to provide an in-depth knowledge of the sectors in which the Bank and its Group operate, to ensure the continuity and protect the experience gained, over the years, by the Board of Statutory Auditors.

The Board of Statutory Auditors thus hopes that future Statutory Auditors, and in particular those who have been newly appointed, benefit from an adequate induction process, in continuity with what has been done in the past, considering that for each year of the three-year term, the Bank has always promoted a series of continuous training and induction initiatives, including those relating to issues of company relevance and issues relating to sustainability and strategic value.

## **5. METHODS FOR THE APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS**

The procedures for the appointment of the Board of Statutory Auditors are regulated under Article 20 of the Articles of Association, which provide for:

- adequate representation of qualified minorities through list-voting mechanism; as well as
- adequate presence of different genders, via the replacement mechanism, where necessary.

Under the Articles of Association mentioned, the Board of Statutory Auditors is appointed based on lists of candidates, made up of two sections: one for the appointment of the Acting Auditors and the other for the appointment of the Alternate Auditors. The lists contain a number of candidates no higher than the number of members to be elected, listed by progressive number. Each of the two sections of the lists must present candidates in a manner that ensures gender balance, as required by applicable regulations.

In order to ensure that qualified minorities are adequately represented on the Board, a list of candidates for election to Board of Statutory Auditors' membership may be submitted by any and all shareholders who, on their own or in conjunction with others, hold the percentage of share capital envisaged for the Company by current applicable regulations (currently for Banca Generali 1% of share capital).

Each candidate may appear on only one list, upon penalty of ineligibility.

Candidates whose situations are incompatible pursuant to law or those exceeding the maximum number of concurrent positions set forth by regulations in force, as also recalled herein, may not be appointed to the Board of Statutory Auditors, and if so appointed, will fall from office.

The following will be elected:

- shall be deemed elected Acting Auditors, the first two candidates on the list obtaining the highest number of votes and the first candidate on the list obtaining the highest number of votes and submitted and voted by shareholders who are not associated, not even indirectly, with the shareholders who submitted and voted for the list obtaining the highest number of votes;
- shall be deemed elected Alternate Auditors, the first candidate on the list obtaining the highest number of votes and the first candidate on the list obtaining the highest number of votes from amongst the lists submitted and voted by shareholders who are not associated, not even indirectly, with the shareholders who submitted and voted for the list obtaining the highest number of votes.

In the case where the number of Acting Auditors belonging to the gender less represented falls short of the threshold established under applicable law provisions, the candidates appearing in the Acting Auditor section of the list obtaining the highest number of votes will be replaced following the order in which the candidates were presented for election.

The first candidate on the list obtaining the highest number of votes, from amongst those lists submitted and voted by shareholders who are not associated, not even indirectly, with the shareholders who submitted and voted for the list obtaining the highest number of votes on the overall shall be elected Chairman of the Board of Statutory Auditors.

In the case where only one list is submitted, the entire Board of Statutory Auditors is appointed from the said list. Should no list be submitted, the Shareholders' Meeting shall appoint the Board of Statutory Auditors and the Chairman thereof by majority of the votes cast, in accordance with law.

Milan, 23 February 2021

THE BOARD OF STATUTORY AUDITORS