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Recommendations on the Optimal Qualitative and Quantitative Composition of the Board of Directors

Pursuant to Article 12, paragraph 1, of the Decree No. 169 dated 23 November 2020 of the Italian Minister of Economy and Finance, the Bank of Italy's Circular No. 285/2013, and Article 2, Recommendation No. 7 of the Corporate Governance Code for Listed Companies.

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INTRODUCTION

The composition of Company 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, pursuant to Recommendation No. 23 of the Corporate Governance Code (as defined hereunder), the Board of Directors expresses guidance regarding the qualitative and quantitative composition of the body that it deems optimal, in light of the findings of the self-assessment process. The recommendation of the outgoing Board of Directors: (i) is published on the Company's website suitably in advance of the publication of the notice calling of the Shareholders' Meeting responsible for re-electing it; and (ii) identifies the management and professional profiles and skills deemed necessary, including in light of the characteristics of the Company's sector, considering the diversity criteria laid down in the Corporate Governance Code and the guidance given regarding the maximum number of positions.

In accordance with the Supervisory Regulations for Banks (as defined below), Part I, Title IV, Chapter 1, Section IV, the Board of Directors must establish in advance its optimal qualitative and quantitative composition defining, with a statement of grounds, the requirements candidates ought to meet in theory, including in terms of professionalism and independence.

Finally, Article 12 of the 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 management 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 Directors of Banca Generali S.p.A. (hereinafter also "**Banca Generali**" or the "**Bank**") make available to the shareholders, designed to support the process of formulating the best proposals for the quantitative and qualitative composition of the Bank's new Board of Directors (the "**Guidance**"), which will be presented to the upcoming Shareholders' Meeting.

The outgoing Directors hope that these proposals may be consistent with the profiles they have suggested, on the basis of their experience with the Bank's management and the annual self-assessments carried out during their mandate. They note that these proposals must 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 147-*quinquies* 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 fitness 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 Bank of Italy 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 and 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 AND COMPOSITION OF THE BOARD OF DIRECTORS

Under Banca Generali's corporate governance system, responsibility for strategic oversight vests with the Board of Directors, which is accordingly in charge of approving resolutions on the Bank's strategic policy and monitoring the implementation of the latter over time.

Pursuant to Article 18 of the Articles of Association, in implementing the principles of the surveillance regulations, the Board of Directors is vested with full powers of ordinary and extraordinary management of the Bank. It has the authority to deliberate on all matters pertaining to the corporate purpose that are not reserved to the exclusive competence of the Shareholders' Meeting.

Pursuant to applicable laws and regulations:

- from a quantitative standpoint, the number of Board members must be commensurate with the size and complexity of the bank's organisational structure, so as to ensure that the Board is capable of effectively overseeing all corporate operations in terms of strategic supervision and management. The composition must not be excessive: an overly large board may reduce each member's incentive to strive to discharge his or her duties and may hinder the functioning of the Board;
- from a qualitative standpoint, the correct discharge of the functions requires for the Board tasked with strategic supervision to include members who: *a)* are fully aware of the powers and obligations inherent in the functions that each of them is called upon to perform; *b)* possess professional expertise suited to the positions they fill, including in Board Committees, if present, and appropriate to the Bank's operational characteristics and size; *c)* have a wide range of skills amongst its members, diversified in such a way that each member –within an individual Board committee or with respect to decisions entailing the whole Board –may also effectively contribute to identifying and implementing adequate strategies, thus ensuring effective risk management in all areas of the Bank; *d)* commit adequate time and resources to their offices, without prejudice to the maximum number of concurrent offices envisaged by the MEF Decree; *e)* commit to achieving the Bank's interest, regardless of the shareholders who voted for them or the list to which they belonged, operating with independence of mind.

Attention should be devoted to all members, including non-executive members: they participate in the decisions made within the Board and are called on to perform an important dialectic and monitoring function with regard to the choices made by the executive members. The authoritativeness and professionalism of the non-executive directors must be adequate to the effective performance of these functions, crucial to the Bank's sound, prudent management: it is therefore fundamental that the non-executive directors also possess and manifest an adequate understanding of the banking business, trends in the economic and financial system, banking and financial regulations, and, above all, risk management and control methods. Such knowledge is essential to the effective performance of the tasks with which they are charged.

The presence of an adequate number of non-executive members with well-defined roles and tasks who effectively perform the function of counterweight to the executive Directors and the Bank's management facilitates dialogue within the body.

The body tasked with strategic supervision must also include independent Directors tasked with independently overseeing corporate management, and contributing towards ensuring that administration is carried out in the interest of the company and in accordance with the principles of sound and prudent management. At larger banks with greater operational complexity, forming specialised committees within the body with the strategic supervision function entrusted with preliminary, advisory and recommendatory functions, and also comprising independent directors, facilitates decision-making, especially in more complex sectors of activity featuring a high risk of conflicts of interest.

2. POSSIBLE RECOMMENDATIONS BY THE BOARD OF DIRECTORS IN VIEW OF THE RECOMMENDATORY OPINION TO BE SUBMITTED BY THE BOARD OF DIRECTORS AT THE FORTHCOMING GENERAL SHAREHOLDERS' MEETING

The approval of the Financial Statements for the year ended on 31 December 2020 marks the end of the term of Banca Generali's Board of Directors 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 Directors.

In light of the above, and of the findings of the 2020 self-assessment performed by the outgoing Board of Directors, there was found to be widespread agreement with the general consideration regarding the importance of preserving the Board's current profile in terms of quantitative composition, competencies, professionalism and experience represented.

Specifically, except as indicated in further detail hereinbelow, the outgoing Board of Directors:

1. deems that the current number of nine Board members is appropriate and ought to be confirmed at the time of the appointment of the new Board of Directors;
2. considers the current ratio of non-independent to independent Directors to be appropriate in view of both the size of the Board and the needs of the Board Committees, as well as proper management by the Board of any situations of conflicts of interest;
3. also appreciates the qualitative profile of the Board with regard to the "*Recommendations on the Optimal Qualitative and Quantitative Composition of the 2018 Board of Directors*" and, in view of the upcoming election, hopes that the current mix of skills and experience currently represented will be kept essentially unchanged, save as suggested below in paragraph 3.2.3 with regard to new skills in the light of the development of the Bank's operations and future challenges that it will have to face;
4. with regard to the Committees, deems it fit to confirm the current composition and structure, including in terms of duties (without prejudice to the natural adjustments arising from the legislative framework in effect when the Committees are reappointed) and size, without prejudice to: (i) the recommendation that sustainability profiles and principles be adapted transversally across the remits of all internal Board Committees for deeper analysis and integration of sustainability profiles in each discussion (while maintaining the competencies currently attributed to the Nomination, Governance and Sustainability Committee); (ii) the addition of a new Board Committee with preparatory, advisory and recommendatory functions with regard to credit, in order to provide further support to the Board of Directors in assessing loan applications or, by calibrating delegated powers, expressing a prior opinion in support of subjects not within the Board's purview.

3. QUALITATIVE AND QUANTITATIVE COMPOSITION OF THE BOARD OF DIRECTORS

3.1. THE QUANTITATIVE COMPOSITION OF THE BOARD OF DIRECTORS

The composition of the Board of Directors plays a central role in the effective discharge of the tasks entrusted to it pursuant to law, supervisory instructions, self-regulatory provisions, and the Articles of Association.

Pursuant to Article 15 of the Articles of Association, the Company is managed by a Board made up of no less than 7 (seven) and no more than 12 (twelve) members, appointed by the Shareholders' Meeting after determination of the number of members.

Members of the Board of Directors hold office for a maximum of three financial years. Their term ends on the date of the meeting called to approve the financial statements of the last financial year of said term and they are eligible for reappointment. If appointments are made during the period of office, the term of the newly elected officers comes to an end together with the serving officers.

On 12 April 2018, the General Shareholders' Meeting established that throughout the financial years 2018, 2019 and 2020, the Bank's Board of Directors was to be made up of 9 members.

In accordance with the recommendation made by the Supervisory Regulations for Banks on the advisability of avoiding overly large or excessive compositions of the body with the strategic supervision function, the outgoing Board of Directors confirms that, in view of the Bank's size and in line with the findings of the 2020 self-assessment, **a Board of Directors of nine members may be regarded as optimal**; in fact, it is believed that this number of members may ensure both the combined presence within the Board of Directors of the various necessary professional backgrounds and the body's functionality.

The recommended number of Directors also appears to be consistent with an adequate numerical composition of the committees to be formed pursuant to the Supervisory Regulations and the Corporate Governance Code that takes account of the breadth and importance of their activities. In this regard, the Board, in accordance with the aforementioned legislation, and taking account of the experience gained during its last term and future prospects, recommends that:

- the Nomination, Governance and Sustainability Committee, the Remuneration Committee and the Internal Audit and Risks Committee be confirmed;
- all the above committees be composed of all non-executive, independent members;
- the Internal Audit and Risks Committee is composed of four members, and the other Committees of three members;
- a new committee be formed with responsibilities in the area of credit only, composed of at least three non-executive members, the majority (if not the entirety) of whom are independent;
- all the above committees are distinguished by at least one member and, where a director is elected by minority shareholders, this director is part of at least one committee;
- the Chairman of the Internal Audit and Risks Committee is not the same person as the Chairman of the body with the strategic supervision function or as the Chairman of the other committees.

For the above purposes, it is recommended that in the quantitative definition, as in the qualitative definition, when slates are presented, adequate consideration be taken of all the above criteria to ensure a balanced composition of the Board of Directors.

3.2. THE QUALITATIVE COMPOSITION OF THE BOARD OF DIRECTORS

The members of the Board of Directors must be suitable 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 Director of the Bank must meet the integrity requirements laid down in Article 3 of the MEF Decree.

In addition to meeting the aforementioned integrity requirements, 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 require an assessment – according to one or more of the parameters indicated in Article

5 of the MEF Decree – by the Board of Directors, 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, *inter alia*, pursuant to Article 7 of the MEF Decree, candidates for management and direction functions must meet certain professionalism requirements according to whether they occupy executive or non-executive positions.

More specifically:

1. persons occupying **executive positions** are chosen from among those who have performed one or more of the following **for at least three years**:
 - a) management or control activity or executive duties in the credit, financial, securities or insurance sector;
 - b) management or control activity or executive duties at listed companies or companies of a greater or similar size and complexity (in terms of revenues, nature and complexity of the organisation or activity performed) to that of the bank in which the position is to be filled;
2. persons occupying **non-executive positions** are chosen from among those who meet the requirements set out in the foregoing point or who have performed one or more of the following **for at least three years**:
 - 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 regard 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 7, paragraph 3, **the Chairman of the Board of Directors** must be a non-executive Director who has **at least two years more overall experience beyond the requirements set in paragraphs 1 or 2** of that same Article and set out above in points 1 and 2.

However, with regard to the candidate called to hold the position of **Chief Executive Officer and General Manager**, such individuals are chosen from among those with specific experience in credit, financial, securities or insurance matters, deriving from management or control activity or executive duties for a period of **no less than five years** in the credit, finance, securities or insurance sector, or at listed companies of size or complexity greater than or similar to (in terms of revenues, nature and complexity of the organisation or activity performed) that of the bank at which the position is to be filled.

For the purposes of satisfaction of the above requirements, account must be taken **of experience gained in the 20 years prior to acceptance of the position**; experience gained concurrently 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 Bank's Board of Directors 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 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 person's responsibility in such processes);
 - 6) internal control systems 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 played and any delegated powers or specific assignments, including participation in Committees;
 - 2) the characteristics of the bank and banking group, 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 Directors, including in light of criteria of diversity and the future challenges that the Bank will face, the outgoing Board of Directors stresses that it is advisable for candidates for the Bank's new Board of Directors represent a balanced composition of theoretical and/or technical experience and knowledge from a managerial and/or entrepreneurship standpoint, also 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;
- experience with human capital / human resources.

For the position of **Chairman of the Board of Directors**, the assessment will also extend to the experience gained in coordination, guidance or management of human resources, so as to ensure effective performance of his or her functions of coordination and guidance of the Board's work,

promotion of its adequate functioning, including in terms of the circulation of information, efficacy of dialogue and fostering internal discussion and the body's adequate overall composition.

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 contrast, in the event of specific, limited deficiencies, the competent body (*i.e.*, the Board of Directors) may take the measures necessary to remedy them.

Accordingly, in remarking the aspect of its overall suitability in the light of the provisions of Article 11 of the MEF Decree and thus the importance that its members, executive and non-executive, are collectively able to take informed decisions, the Board of Directors invites the shareholders to present slates containing candidates with skills such as to permit an optimal combination of profiles with the characteristics described above so as to ensure the development of internal dialogue, efficient functioning and the overall suitability of the Board and the Board Committees.

3.2.4. PERSONAL SKILLS

In addition to the professionalism requirements set out above, the outgoing Board of Directors recommends that the personal characteristics and soft skills be taken in consideration.

In this regard, in addition to the personal characteristics as indicated by the EBA/ESMA Guidelines⁽¹⁾, the English version of which, available on the ESMA website, is reproduced in an appendix hereto for appropriate information, following specific reflection on soft skills and with the aim of outlining the expected profile of Banca Generali's future Director, the outgoing Board of Directors decided to attribute importance and centrality to the characteristics indicated below:

- ability to function as part of a team;
- independence of mind and integrity;
- ability to interact with the management;
- adequate time and energy available in view of the person's other commitments;
- ability to manage conflicts constructively;
- alignment with regard to the person's strategic role;
- ability to integrate sustainability issues into the vision of the business.

3.2.5. KEY FUNCTION HOLDERS

In addition to what is stated above with regard to the specific requirements to be met, Banca Generali's outgoing Board of Directors recommends that the persons who are to hold the position of Chairman of the Board of Directors or Chief Executive Officer – in addition to the characteristics relevant to all directors, and in light of the findings of the 2020 self-assessment – ideally correspond to the following optimal profiles, within the framework of full compliance with applicable legislation (including self-regulatory provisions) and the Articles of Association:

a) **Chairman of the Board of Directors:**

- specific knowledge of corporate governance;
- authoritativeness and independence in the interests of all shareholders;
- previous experience in leading the Boards of Directors of listed companies or management and control bodies in companies (including foreign companies) of complexity comparable to Banca Generali;

⁽¹⁾ Source: *Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders under Directive 2013/36/EU and Directive 2014/65/EU.*

- previous experience as the non-executive director of a company of complexity comparable to Banca Generali;

b) **Chief Executive Officer:**

- specific expertise relating to the business segments relevant to Banca Generali;
- experience as Chief Executive Officer or, in any event, in a top position at a company of comparable complexity to Banca Generali;
- a high level of credibility and authoritativeness in the markets of reference.

The Board of Directors also emphasises the importance of a complementary relationship between the position of the Chairman and that of the Chief Executive Officer to ensure the effective functions of the Board, and, more generally, the governance of the Company.

It should also be noted that, pursuant to the Corporate Governance Code, specific skills are required, for the areas of respective interest, of members of Board Committees. Particular attention will be devoted to members who occupy the position of Chairman of the aforementioned Board Committees, since they must also have specific experience and specific knowledge and skills in the subject-matter attributed to the Committee to which each belongs. In fact, in order to ensure the effectiveness of the Board Committees to be appointed, it would be advisable for the Board of Directors to comprise:

- at least one independent Director with appropriate knowledge and experience in finance or remuneration policies, and
- at least one independent director with appropriate knowledge and experience in accounting and finance, or risk management.

3.2.6.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:

- ensures proper rotation of Board members;
- recommends that the shareholders take into consideration candidates belonging to different age ranges;
- recommends that shareholders consider the candidature of a suitable number of Directors who are already serving to ensure continuity of Board of Directors and Board Committee operations;
- establishes that – where a different rate is not provided for by law – at least a third of Directors belong to the less represented gender;
- guarantees that the less represented gender will have access to the Board of Directors, 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 Directors has decided not to set limits, believing that the age of the members of the Board of Directors constitutes an important element of diversity that, combined with the others, enriches and enhances the Board of Directors, contributing to forming a balance of experiences that otherwise would not be guaranteed.

As for gender diversity, it should be recalled that Article 147-ter, paragraph 1-ter, of TUF, as amended most recently by Law No. 160 of 27 December 2019, imposes compliance with a gender composition criterion for the governing body that stipulates that the less represented gender must be reserved at least two-fifths of the seats of the Board, rounded up, where necessary, pursuant to Article 144-undecies.1, paragraph 3, of the Rules for Issuers.

The gender quota mentioned above (i.e., at least two-fifths of the members elected, rounded up where necessary) is higher than envisaged by 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 Directors concerning the optimal composition of the Board with regard to gender balance.**

3.2.7. INDEPENDENCE REQUIREMENTS

Since Banca Generali is subject to management and coordination by another Italian company with shares listed in regulated markets, the Board of Directors must consist of a majority of Independent Directors, pursuant to the provisions of Article 16, paragraph 1, letter d), of the Regulation on Markets.

Consequently, in light of the choice indicated for the Board to be optimally comprised of nine Directors, five of the latter must qualify as Independent Directors, as referred to herein, and will be tasked with overseeing corporate management in exercise of their independent judgement, and accordingly, contributing towards ensuring that business operations are conducted in the interest of the Company and in accordance with the principles of sound and prudent business administration.

With regard to the assessment policies to be followed in evaluating the independence of Company Directors, in accordance with past practice in respect of previous Board appointments, the Board will assess the independence of its members, placing greater emphasis on substance than on form, and, in any event, deeming to be independent all those Directors who meet the requirements of independence set forth in:

- Article 147-ter, paragraph 4, and Article 148, paragraph 3, of TUF;
- Article 13 of the MEF Decree;
- Article 2, of Recommendation No. 7, of the Corporate Governance Code.

3.2.7.1. INDEPENDENCE OF MIND

All candidates for the position of member of the Board of Directors 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 in force 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.

3.2.8. TIME COMMITMENT AND NUMBER OF DIRECTORSHIPS

3.2.8.1. TIME COMMITMENT

The members of the Board of Directors 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.

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 also wishes to call attention to the expected participation threshold for meetings of the Board of Directors and Board Committees, which must not be lower than 80% at an annual level (in 2018, participation amounted to 97% and in 2019 it was 96%, whereas in 2020 it was 98%), with a presence at such meetings, preferably in person, except for extraordinary situations.

Accordingly, the Board of Directors 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, which also contemplate those listed by the European Central Bank:

- number of meetings, including induction meetings;
- average duration of meetings;
- time needed for proper preparation for participation in meetings;
- the time needed for Directors to participate as guests in committees on which they do not sit;
- time needed for any travel and preparation in view of corporate events;
- the nature of the Director’s specific position and responsibility.

Time commitment for the Board of Directors	
Office held	Estimated time days per year
Chairman of the Board of Directors	40 days
Chief Executive Officer	<i>Full time</i>
Non-executive Director	<p style="text-align: center;">23 days</p> <p>In case of participation:</p> <ol style="list-style-type: none"> 1) to the Internal Audit and Risk Committee, the commitment required of 23 days mentioned above is reduced by 4 days; 2) to the Nomination, Governance and Sustainability Committee, the commitment required of 23 days mentioned above is reduced by 1 day; 3) to the Remuneration Committee, the commitment required of 23 days mentioned above is reduced by 1 day; 4) to the Credit Committee, the commitment required of 23 days mentioned above is reduced by 2 days. <p>The reductions mentioned above shall be added if the Non-executive Director holds positions in more than one Committee.</p>
Time commitment for the Committees(*)	
<p>(*) in addition to the time commitment required for the role of Non-executive Director, it being understood that the different quantifications here below are to be added if the Director holds position in more than one Committee</p>	

Office held	Estimated time days per year
Chairman of the Internal Audit and Risk Committee	19 days
Member of the Internal Audit and Risk Committee	12 days
Chairman of the Nomination, Governance and Sustainability Committee	11 days
Member of the Nomination, Governance and Sustainability Committee	7 days
Chairman of the Remuneration Committee	9 days
Member of the Remuneration Committee	5 days
Chairman of the Credit Committee	13 days
Member of the Credit Committee	7 days

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 Directors 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 held 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.

3.2.8.2. NUMBER OF OTHER OFFICES

In line with the provisions of Article 17 of the MEF Decree, candidates for the office of Director 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 ⁽²⁾:

- **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 management or control bodies of other listed or large companies.

Pursuant to Article 17, paragraph 1, of the 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.

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

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 assess 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 Director of the Bank may occupy, in the alternative combinations cited above, mention should be made of the possibility, where the 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 Director's ability to commit adequate time to the position within Banca Generali to discharge the requisite functions effectively.

The Board of Directors 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 Directors.

3.2.9. 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 Director 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 Directors 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

Lastly, in reference to (i) the provisions of Article 12 of the MEF Decree, (ii) the recommendations set out in the Supervisory Regulations for Banks, and also (iii) in the light of the provisions of the EBA/ESMA Guidelines, the outgoing Board promotes the participation of the Directors in specific training initiatives aimed at:

- providing all Directors with an in-depth understanding of the sectors in which the Bank and related Group operate, and ensuring the continuity and protection of the experience gained, over the years, by the Board of Directors;
- performing personalised follow-up inquiries into particular interests or responsibilities that each Director may take up within internal Board Committees.

The Board of Directors thus hopes that future Directors, 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. PROCEDURES FOR THE APPOINTMENT OF THE BOARD OF DIRECTORS

The procedures for the appointment of the Board of Directors are regulated under Article 15 of the Articles of Association, which provides for:

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

In order to ensure that qualified minorities are adequately represented on the Board, a list of candidates for election to Board membership by the General Shareholders' Meeting may be submitted by any and all shareholders who, on their own or together with others, hold the percentage of share capital required pursuant to current applicable regulations (to date, for Banca Generali 1% of share capital).

Moreover, as mentioned above, the lists must contain a number of candidates, capable of ensuring gender balance, no higher than the number of members to be elected, listed by progressive number with a specific indication of the candidates who meet the statutory requirements of independence. Each candidate may appear on only one list, upon penalty of ineligibility.

Should only one list be submitted, all the members of the Board of Directors shall be appointed from the said list.

Should, on the other hand, two or more lists be submitted, the first candidates on the list obtaining the greatest number of votes, equal to eight ninths of the number of members of the Board of Directors determined by the Shareholders' Meeting – with rounding down in the case of split number – will be elected Board members.

In the case where the number of Board members belonging to the gender less represented, and appearing on the list that obtained the highest number of votes, is lower than the number required under applicable statutory provisions, the elected candidate with the highest serial number, and belonging to the more represented gender, shall be excluded. The eliminated candidate shall be replaced by the following candidate belonging the gender less represented and appearing on the same list as the eliminated candidate. In the case where it is not possible to draw from the list obtaining the highest number of votes the required number of Directors belonging to the gender less represented, the Board seats in question will be filled by appointments made by the General Shareholders' Meeting, by majority vote. The remaining Directors shall be drawn from the other lists, which may in no event be directly or indirectly linked to shareholders that have submitted or, otherwise, voted in favour of the list that received the highest number of votes.

To ensure that the Board of Directors comprises the required number of Independent Directors, Article 15 of the Articles of Association provides for a replacement mechanism that is triggered in the event the number of elected Board members who satisfy independence requirements is not sufficient to ensure compliance with the regulatory provisions applicable to the Company.

Milan, 23 February 2021

THE BOARD OF DIRECTORS

ANNEX

Personal Skills envisaged by the EBA/ESMA Guidelines

- a) **Authenticity:** is consistent in word and deed and behaves in accordance with own stated values and beliefs. Openly communicates his or her intentions, ideas and feelings, encourages an environment of openness and honesty, and correctly informs the supervisor about the actual situation, at the same time acknowledging risks and problems.
- b) **Language:** is able to communicate orally in a structured and conventional way and write in the national language or the working language of the institution's location.
- c) **Decisiveness:** takes timely and well-informed decisions by acting promptly or by committing to a particular course of action, for example by expressing his or her views and not procrastinating.
- d) **Communication:** is capable of conveying a message in an understandable and acceptable manner, and in an appropriate form. Focuses on providing and obtaining clarity and transparency and encourages active feedback.
- e) **Judgement:** is capable of weighing up data and different courses of action and coming to a logical conclusion. Examines, recognises and understands the essential elements and issues. Has the breadth of vision to look beyond his or her own area of responsibility, especially when dealing with problems that may jeopardise the continuity of the undertaking.
- f) **Customer and quality-oriented:** focuses on providing quality and, wherever possible, finding ways of improving this. Specifically, this means withholding consent from the development and marketing of products and services and to capital expenditure, *e.g.*, on products, office buildings or holdings, in circumstances where he or she is unable to gauge the risks properly owing to a lack of understanding of the architecture, principles or basic assumptions. Identifies and studies the wishes and needs of customers, ensures that customers run no unnecessary risks and arranges for the provision of correct, complete and balanced information to customers.
- g) **Leadership:** provides direction and guidance to a group, develops and maintains teamwork, motivates and encourages the available human resources and ensures that members of staff have the professional competence to achieve a particular goal. Is receptive to criticism and provides scope for critical debate.
- h) **Loyalty:** identifies with the undertaking and has a sense of involvement. Shows that he or she can devote sufficient time to the job and can discharge his or her duties properly, defends the interests of the undertaking and operates objectively and critically. Recognises and anticipates potential conflicts of personal and business interest.
- i) **External awareness:** monitors developments, power bases and attitudes within the undertaking. Is well-informed on relevant financial, economic, social and other developments at national and international level that may affect the undertaking and also on the interests of stakeholders and is able to put this information to effective use.
- j) **Negotiating:** identifies and reveals common interests in a manner designed to build consensus, while pursuing the negotiation objectives.
- k) **Persuasive:** is capable of influencing the views of others by exercising persuasive powers and using natural authority and tact. Is a strong personality and capable of standing firm.
- l) **Teamwork:** is aware of the group interest and makes a contribution to the common result; able to function as part of a team.
- m) **Strategic acumen:** is capable of developing a realistic vision of future developments and translating this into long-term objectives, for example by applying scenario analysis. In doing so, takes proper account of risks that the undertaking is exposed to and takes appropriate measures to control them.

- n) **Stress resistance:** is resilient and able to perform consistently even when under great pressure and in times of uncertainty.
- o) **Sense of responsibility:** understands internal and external interests, evaluates them carefully and renders account for them. Has the capacity to learn and realises that his or her actions affect the interests of stakeholders.
- p) **Chairing meetings:** is capable of chairing meetings efficiently and effectively and creating an open atmosphere that encourages everyone to participate on an equal footing; is aware of other people's duties and responsibilities.