



**RULES  
OF THE BOARD OF STATUTORY AUDITORS  
OF BANCA GENERALI S.P.A.**

*6 May 2021*

**CONTENTS**

**FOREWORD ..... 3**

**DEFINITIONS ..... 3**

**ARTICLE 1-COMPOSITION..... 4**

**ARTICLE 2 - FUNCTIONING ..... 4**

**ARTICLE 3 - HANDLING OF INFORMATION ..... 5**

**ARTICLE 4 - TASKS AND FUNCTIONS ..... 5**

**ARTICLE 5 – POWERS OF THE CHAIRMAN..... 7**

**ARTICLE 6 - MAJORITIES FOR QUORUM AND PASSAGE OF RESOLUTIONS ..... 7**

**ARTICLE 7 - SELF-ASSESSMENT PROCESS ..... 7**

## **FOREWORD**

These Rules have been adopted by the Company's Board of Statutory Auditors to bring the policies, rules, and procedures governing the functioning of corporate governance relating to the aforementioned body into compliance with the law and Articles of Association, as well as with the principles of the Supervisory Regulations (as defined below).

The Rules are also intended to ensure that the corporate governance rules applicable to the said body conform to the principles laid down in the Corporate Governance Code (as defined below).

Any and all matters not expressly addressed herein shall be deemed regulated pursuant to the applicable statutory and regulatory framework (including, above all, the aforesaid "Supervisory Provisions") and the Company's Articles of Association, as well as the resolutions of the General Shareholders' Meetings and Board of Directors' meetings on governance aspects.

These Rules have been published on the Company's website [www.bancagenerali.com](http://www.bancagenerali.com).

## **DEFINITIONS**

The following definitions are provided for the purposes of these Rules (where possible, definitions in the singular include the plural, and vice versa):

- **Corporate Governance Code:** 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;
- **Board of Statutory Auditors:** the Board of Statutory Auditors of Banca Generali S.p.A.;
- **Board of Directors:** the Board of Directors of Banca Generali S.p.A.;
- **MEF 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*";
- **Supervisory Provisions:** Circular No. 285 issued by the Bank of Italy on 17 December 2013;
- **Fit & Proper Policy:** the policy adopted by Banca Generali that lays down the requirements and criteria for fitness to hold the office of company officer and head of the many company functions, as in force at the time;
- **Banking Group:** the Banking Group controlled by Banca Generali S.p.A.;
- **Strategic Equity Investment:** an investment of at least 10% of the share capital or voting rights in the ordinary shareholders' meeting of the investee and 5% of the Banking Group's consolidated regulatory capital;
- **RPT Procedure:** Procedure for Related Party and Connected Party Transactions and Transactions of Greater Importance<sup>(1)</sup>;
- **Rules:** Rules governing the proceedings of meetings of the Board of Statutory Auditors of Banca Generali S.p.A.;
- **Company or Bank:** Banca Generali S.p.A.;
- **TUB:** Legislative Decree No. 385 of 1 September 1993;
- **TUF:** Legislative Decree No. 58 of 24 February 1998.

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<sup>(1)</sup> The Procedure for Related Party and Connected Party Transactions and Transactions of Greater Importance is available on the Company's website [www.bancagenerali.com](http://www.bancagenerali.com).

## **ARTICLE 1-COMPOSITION**

1. The Board of Statutory Auditors is composed of no. 3 Acting Auditors, including the Chairman, and no. 2 Alternate Auditors.

2. The members of the Board of Statutory Auditors must be fit to perform their duties, in accordance with applicable legislation in force from time to time and the Articles of Association. In detail, 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 (including regulatory and self-regulatory provisions), the Articles of Association and the Fit&Proper Policy in force from time to time; this is without prejudice to compliance with the prohibition of interlocking directorships set out in Article 36 of Legislative Decree No. 201 of 6 December 2011 on “*Urgent measures for growth, equity and the consolidation of the public finances*” converted, with amendments, by Law No. 214 of 22 December 2011. The composition of the Board of Statutory Auditors shall also comply with the gender balance principle.

3. In addition, Statutory Auditors may hold administrative or control positions at other companies, within the limits established by applicable laws, regulations and, particularly, pursuant to the TUF and MEF Decree. Pursuant to the Supervisory Regulations, they may not hold positions within bodies other than control bodies at other companies belonging to the Group or the financial conglomerate, or at companies in which the Bank holds a Strategic Equity Investment, directly or indirectly. In particular, pursuant to Article 14 of the MEF Decree, a member of the Board of Statutory Auditors may serve as statutory auditor of one or more companies of the Banking Group simultaneously.

4. In line with the provisions of Article 12 of the MEF Decree, in order to ensure an optimal composition of the control body, the Board of Statutory Auditors identifies in advance an optimal qualitative and quantitative composition for itself, contained in the document entitled “*Qualitative and Quantitative Composition of the Board of Statutory Auditors of Banca Generali S.p.A.*” approved by the Board of Statutory Auditors from time to time and published on Banca Generali’s website, to which reference is made. After it is appointed, the Board of Statutory Auditors verifies the fitness of its members – pursuant to applicable provisions of laws and regulations and the provisions of the Fit & Proper Policy in force from time to time – and the correspondence of the composition of the body resulting from the appointment process to that identified beforehand.

5. Pursuant to the Supervisory Regulations and the Corporate Governance Code, the Board of Statutory Auditors also normally performs the functions of Supervisory Board pursuant to Legislative Decree No. 231/2001. In this regard, the Company’s Articles of Association provide that the Statutory Auditors possess suitable requirements also to occupy this role. See the relevant rules for the competencies of this body.

## **ARTICLE 2 - FUNCTIONING**

1. The Board of Statutory Auditors meets at the Bank’s offices or elsewhere, in Italy or abroad, normally with at least monthly frequency, and whenever the Chairman deems it necessary.

2. Notice of calling must be submitted reasonably in advance, except in urgent cases, to all Acting Statutory Auditors.

3. In order to permit thoughtful, informed participation, the notice of calling must contain – unless particular reasons of confidentiality apply – the Agenda containing the items under discussion. Normally, the Chairman also makes available to the Statutory Auditors, at least two calendar days prior to the meeting, the appropriate supporting proposal documentation and the information necessary to allow them to express themselves on the items on the Agenda in an informed manner.

4. The Board of Statutory Auditors’ work, as included in the Agenda on each occasion, is planned by the Chairman, in consultation with the other Statutory Auditors.

5. Where the Chairman sees fit to do so, the Board of Statutory Auditors’ meetings may be held by telecommunications systems, provided that each of the attendees may be identified by all the others and is able to participate in the debate on the items placed on the Agenda, as well as to receive, transmit and view documents in real time.

6. Personnel of the Bank and, where appropriate, of the Banking Group may be invited to attend meetings of the Board of Statutory Auditors, including for the purpose of reporting, where requested, on particular items, along with representatives of the Independent Auditors and/or other experts of which the Board of Statutory Auditors wishes to avail itself in exercising its functions.

7. Communications made during meetings and the resolutions of the Board of Statutory Auditors are witnessed by minutes recorded in a specific book, signed by the Chairman of the meeting and the other Statutory Auditors. These minutes remain available for consultation at the request of each of the Statutory Auditors and may be consulted by the members of the Bank's bodies with authorisation from the Chairman of the Board of Statutory Auditors.

### **ARTICLE 3 - HANDLING OF INFORMATION**

1. Members of the Board of Statutory Auditors shall handle with the utmost confidentiality any and all documents and information of which they may become aware in discharging their duties, and shall comply with Banca Generali's procedures for the internal handling and external disclosure of the said documents and information.

2. Confidentiality also represents a necessary element to ensuring that information may be submitted to the Statutory Auditors promptly and is complete in respect of all aspects important to decision-making.

3. The documentation sent to the Directors in view of meetings of the Board is sent to the Statutory Auditors concurrently.

4. Without prejudice to the obligation of company officers and informed persons to keep in strict confidence the sensitive information of which they may become aware in the performance of their functions in order to prevent the risk of improper disclosure of confidential and/or inside information, the Bank has adopted the "Code on Relevant and Inside Information", in the version in force from time to time, to which reference is made for the pertinent provisions <sup>(2)</sup>.

### **ARTICLE 4 - TASKS AND FUNCTIONS**

1. The Board of Statutory Auditors performs the tasks and functions provided for in applicable provisions of laws, regulations, the Corporate Governance Code and the Articles of Association.

2. In particular, it supervises compliance with provisions of laws, regulations and Articles of Association, as well as the proper administration, adequacy of the Bank's organisational and accounting structures, management and risk control system, the statutory auditing of the annual accounts, the independence of the Independent Auditors, the financial reporting process, the adequacy of the procedures adopted to govern transactions with related parties and connected parties and compliance with the provisions relating to the Non-Financial Statement (NFS) pursuant to Legislative Decree No. 254/2016.

3. Within the framework of its supervision and control activity, the Board of Statutory Auditors constantly assesses the efficacy and adequacy of all functions involved in the control system, as well as the proper performance and adequate coordination of tasks, reporting the deficiencies and irregularities identified to the body with the supervision strategic function and promoting the related corrective measures. The Board of Statutory Auditors shall report to the Bank of Italy and, where required, to the other Supervisory Authorities, any actual or potential irregularities in the Bank's management and/or violations of banking industry regulations, immediately upon becoming aware thereof.

4. The Board of Statutory Auditors is an integral part of the overall internal control system and performs the functions set out in the Supervisory Regulations, including in its capacity as "Internal Control and Audit Committee" pursuant to Legislative Decree No. 39/2010, according to the terms and conditions laid down in laws, regulations and internal policies.

5. The Board of Statutory Auditors is responsible for supervising the completeness, adequacy, functionality and reliability of the internal control system and RAF, as well as the compliance with the provisions relating

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<sup>(2)</sup> In compliance with the above-mentioned Code on Relevant and Inside Information (see Note 1 above).

to the ICAAP. Given the multiple functions and company units with control tasks and responsibilities, this body is also required to monitor the effectiveness of all the structures and functions involved in the control system and to adequately coordinate the same, as well as to recommend remedial action aimed at correcting shortcomings and irregularities, where necessary.

**6.** The Board of Statutory Auditors is also required to monitor the completeness, adequacy, functionality and reliability of the Business Continuity Plan.

**7.** The Board of Statutory Auditors supervises the adequacy of the instructions imparted to subsidiaries to ensure that they provide the information required to discharge the disclosure obligations imposed by applicable legislation. The Board of Statutory Auditors also verifies the proper performance of the strategic and management control activity conducted by the Bank of Banking Group companies as the Parent Company.

**8.** The Board of Statutory Auditors acts in concert with the corresponding body of the Banking Group companies.

**9.** The Board of Statutory Auditors may avail itself of the Company's internal structures and control functions to perform and guide the necessary verification and inquiries, in addition to the Manager responsible for preparing the Company's financial reports. To this end, it receives adequate periodic information flows or information flows relating to specific company situations or trends. Due to that close link, the Board of Statutory Auditors is specifically consulted with regard to decisions concerning the appointment and dismissal of heads of the Bank's company control functions (*Compliance, Risk & Capital Adequacy and Internal Audit*) and with respect to the definition of the essential elements of the overall architecture of the control system (powers, responsibilities, resources, information flows, and conflict of interest management). Within the framework of their activity, Statutory Auditors may request that the Internal Audit Function perform specific auditing activities on company operating areas and transactions.

**10.** The Board of Statutory Auditors verifies and explores the causes and remedies of management irregularities, performance anomalies and deficiencies in the organisational and accounting structures. Particular attention is devoted to regulations governing conflicts of interest.

**11.** In concretely determining the intensity and methods of the verifications to be performed, and in assessing the irregularities detected, the Board of Statutory Auditors considers both the extent of the losses that could result from them for the Company and the consequences at the level of reputation and the protection of the public trust.

**12.** Controls must extend transversally to the entire company organisation, including verifications regarding systems and procedures (e.g., information, administration and accounting systems and procedures), the various business units (credit, finance, etc.) and operations (introduction of new products, entry into new businesses or geographical areas, business continuity, outsourcing, etc.).

**13.** With regard to the accounting control performed by the Independent Auditors, the Board of Statutory Auditors retains the duties relating to assessing the adequacy and functionality of the accounting structure, including the related information systems, in order to ensure the proper representation of company events.

**14.** In addition, pursuant to the Supervisory Regulations, the Board of Statutory Auditors:

1. without prejudice to the reporting obligations towards the Supervisory Authorities, informs the Board of Directors of the deficiencies and irregularities of particular significance identified, requests the adoption of appropriate corrective measures and verifies their efficacy over time;
2. periodically verifies its own adequacy in terms of powers, functioning and composition, taking into account the scale, complexity and activities of the Bank;
3. in the selection of an auditor, must thoroughly assess professionalism and experience to ensure that these requirements are proportionate to the Bank's size and operational complexity;
4. in discharging its duties, also relies on the information flows from internal control functions and structures.

## ***ARTICLE 5 – POWERS OF THE CHAIRMAN***

1. The Chairman of the Board of Statutory Auditors guarantees the efficacy of debate and ensures that the resolutions passed by the said Board are the result of adequate discussion and the informed, reasoned contribution of all of its members. To this end, the Chairman ensures that: i) the documentation in support of the Board of Statutory Auditors' resolutions, or at least initial information concerning the items that will be discussed, is sent suitably in advance; ii) the documentation in support of the resolutions made available during the meetings of the Board of Statutory Auditors is adequate in quantitative and qualitative terms with respect to the items on the Agenda.

2. When preparing the Agenda and conducting debate within the Board of Statutory Auditors, the Chairman ensures that matters regarding the internal control system are treated as a priority, by guaranteeing that all of the necessary time is devoted to them.

3. The Chairman ensures that: (i) the Statutory Auditors' self-assessment process is performed effectively and the methods according to which it is conducted are consistent with the degree of complexity of the Board of Statutory Auditors' work; (ii) the planned corrective measures are adopted to remedy any deficiencies identified; (iii) the Bank prepares and implements induction and training plans for the members of the Board of Directors and the Board of Statutory Auditors.

## ***ARTICLE 6 - MAJORITIES FOR QUORUM AND PASSAGE OF RESOLUTIONS***

1. The Board of Statutory Auditors is regularly constituted when the majority of Statutory Auditors are in attendance and passes resolutions by the absolute majority of those present.

## ***ARTICLE 7 - SELF-ASSESSMENT PROCESS***

1. Each year the Board of Statutory Auditors conducts a self-assessment of its composition and functioning, inspired by the following aims:

- ensuring verification that the body is functioning properly and effectively and its composition is adequate;
- ensuring substantial observance of the governance provisions issued by the Bank of Italy;
- supporting updates to internal rules governing its own functioning, so as to ensure that such rules are also suitable in light of changes due to the development of the business and operating context;
- identifying major weaknesses, promoting discussion within the Board itself and determining the corrective measures to be taken;
- strengthening the collaborative relationships and bonds of trust between individual members;
- encouraging the active participation of the individual members, while ensuring full awareness of the specific role played by each of them and the related responsibilities.

2. The self-assessment takes account of the verifications required pursuant to Article 26 of TUB and the additional requirements per the law and Articles of Association to hold positions (such as observance of the prohibition of interlocking directorships pursuant to Article 36 of Decree-Law No. 201 of 6 December 2011, converted by Law No. 214 of 22 December 2011). Where possible, the self-assessment is conducted concurrently with such verifications.

3. The Board of Statutory Auditors' self-assessment process is structured according to criteria and methods inspired by the process' purposes and the provisions of the application guidelines formulated in the Supervisory Regulations, taking account of its characteristics as a control body.