



**RULES REGULATING THE PROCEEDINGS  
OF MEETINGS OF THE BOARD OF DIRECTORS  
OF BANCA GENERALI S.P.A.**

*5 March 2018*

## **PRELIMINARY PROVISIONS**

### ***ARTICLE 1***

1. The Board of Directors (the “Board”) of Banca Generali S.p.A. (the “Company”) has adopted these Rules (i) to ensure that its corporate governance functions are discharged in accordance with the principles set forth in the Corporate Governance Code drawn up by the Corporate Governance Committee for Listed Companies, promoted by Borsa Italiana and made up of representatives of some of Italy’s largest corporations and experts in the field, and most recently updated in July 2015 (hereinafter the “Corporate Governance Code”), and (ii) to regulate certain aspects pertaining to the composition and functioning of the Board of Directors in accordance with the principles set forth in the Circular Letter No. 285 “Supervisory Provisions Concerning Banks” issued by the Bank of Italy on 17 December 2013.
2. 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 Concerning Banks”) and the Company’s Articles of Association.
3. These Rules shall be published on the company’s website [www.bancagenerali.com](http://www.bancagenerali.com).

## **CHAPTER I – ACTIVITIES OF THE BOARD OF DIRECTORS**

### ***ARTICLE 2***

1. The Board of Directors shall, as a general rule, meet on a monthly basis, at the invitation of the Chairman or acting Chairman (Article 17 of the Articles of Association) pursuant to the timetable established by the end of each financial year of the Company, as well as whenever a Board meeting becomes necessary, or otherwise, at the behest of at least one third of the Board members in office, or one member of the Board of Statutory Auditors, in the cases contemplated under law.
2. The notice of calling must be forwarded to all Board members and regular Auditors at least five (5) days prior to the scheduled date of the meeting, save in cases of emergency where such time period may be shorter.
3. Board meetings may be held by telephone or video conference call, 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.
4. In order to ensure that the proceedings of Board meetings and Board Committee meetings proceed smoothly and efficiently, in general, the said meetings shall be held at the Company’s registered offices as well as its operating offices in Milan; any and all other links may be activated, with the consent of the Chairman of the Board of Directors, solely in exceptional cases and upon due grounds.
5. Where the Chairman sees fit to do so, including upon the request of one or more directors, he or she may submit a request for the executives of the Company and those of companies belonging to the Group controlled by the Company who are in charge of company functions competent with respect to the subject matter concerned to participate in meetings of the Board of Directors in order to provide the appropriate further clarification regarding items of business on the agenda.

### **ARTICLE 3**

1. The Chairman of the Board of Directors shall promote the effective functioning of the corporate governance system, ensuring that governance powers are properly balanced and shared amongst all the Company's Chief Executive Officers, if appointed, and the executive directors, and shall liaise with the Company's control bodies and other internal committees. The Chairman shall be vested with all the powers contemplated under the regulatory framework from time to time, in addition to those expressly delegated to the Chairman by the Board of Directors. The Chairman may not perform management functions, including *de facto*, without prejudice to the power to assume substitute duties within the Board of Directors in urgent circumstances, within the limits established in Article 18, paragraph 9, of the Articles of Association.

2. With specific reference to the calling of Board meetings, the Chairman shall:

- (i) convene and chair the meetings of the Board of Directors, coordinating the functions of the latter; in order to enable all Board members to take fully informed decisions in respect of the items placed on the agenda, the latter must be set forth in detail, save in the case where this is not possible for reasons of confidentiality;
- (ii) organise and coordinate the proceedings of the Board of Directors;
- (iii) ensure that • all the Board members are provided adequate information or at least preliminary details on the items placed on the agenda in suitable advance, in detail within the terms set forth in Article 4, paragraph 2; and • the documentation concerning resolutions, in particular that provided for by non-executive directors, be adequate in qualitative and quantitative terms with respect to the items placed on the agenda;
- (iv) check that all Shareholders' resolutions, Board resolutions and the decisions of the Chief Executive Officer, if appointed, are properly executed;
- (v) ensure due implementation of the provisions concerning information flows among corporate bodies, in compliance with Article 18, points l) and p), of the Articles of Association;
- (vi) exercise the oversight powers in respect of the business trends and the extent to which they are in line with the company's strategic guidelines.

### **ARTICLE 4**

1. The Board of Directors shall organise the proceedings of its meetings so as to ensure that its functions are discharged effectively and efficiently. In defining the agenda and holding the Board's meeting, it shall ensure that all strategically relevant issues are prioritised, so that they are given all the space and time they require.

2. The Chairman of the Board of Directors shall ensure that documentation pertaining to items of business on the agenda is brought to the attention of the directors and statutory auditors in suitable advance of the date of the Board meeting. More specifically, items on the agenda dealing with reporting matters and/or matters requiring a resolution shall ordinarily be sent 5 (five) calendar days before the scheduled date of the meeting; if the items concern matters strictly pertaining to the Bank's business – and normally require prior discussion within the Management Committees (not within the Board of Directors) — they shall be sent 3 (three) calendar days prior to the scheduled date of the meeting; items covered by special confidentiality requirements shall be sent (1) calendar day prior to the scheduled date of the meeting. In the case of extraordinary business operations, the Chairman of the Board of Directors shall decide the nature and timing of disclosures to be made to Board members, on a case-by-case basis.

3. In particular, any and all items placed on the agenda must be supported by an illustrative report of the proposed resolution, or a detailed breakdown of any and all operating/balance sheet/statistical data involved. If the documentation provided is voluminous or complex, it may be accompanied by a document that summarises its key points relating to the decisions on the agenda, without prejudice to the fact that such a document may in no way be considered to replace the complete documentation submitted to the directors.
4. The Chairman of the Board of Directors shall ensure that analogous information is forwarded to the members of the Board of Statutory Auditors.
5. The Chairman promotes occasions for meetings between the directors in other informal settings in the interest of further exploration and dialogue concerning matters of strategic importance.
6. The Chairman ensures that *i)* the self-assessment process is performed effectively, the circumstances of its performance are consistent with the degree of complexity of the Board's work, and the planned corrective measures are adopted to remedy any deficiencies identified; *ii)* the bank prepares and implements recruitment and training plans for members of the various bodies; and *iii)* with the assistance of the Nomination, Governance and Sustainability Committee, the bank prepares the succession plan, provides indications and guidance for the continuation of activity, and reports on the status of the succession plan in the Report on Corporate Governance and Company Ownership.
7. Although Board resolutions are generally moved by the Chief Executive Officer, each Board member may put forward proposals to be subjected to Board approval.
8. The proceedings of each Board meeting must be recorded in specific minutes signed by the Chairman of the meeting and the Secretary (or the Notary where required under applicable regulations). The said minutes must be subjected to Board approval at the Board meeting immediately following. Any and all Board resolutions passed may be rendered executive in the meanwhile.
9. The minutes of Board meetings (together with any and all related schedules and documents placed on the record of Board meetings) must remain available for consultation upon request by any member of the Board of Directors or the Board of Auditors.
10. In organising its activities, the Board of Directors may avail of the support of the Secretary of the Board of Directors, as well as the Corporate Affairs Service.
11. At the behest of the Chairman of the Board of Directors, the Board Secretary shall ensure the prompt and proper performance of any and all specific regulatory provisions, as well as formalities, including without limitation, notices of the Bank of Italy, Consob, the Office of the Registrar of Companies, and Borsa Italiana, as well as any and all other formalities that may be required in connection with resolutions approved by the Board, and/or pursuant to the regulatory and/or statutory provisions in force from time to time.

#### **ARTICLE 5**

1. The functions of Board members shall be discharged effectively.
2. Without prejudice to the grounds for ineligibility and disqualification, as well as limits on simultaneous offices, acceptance of the office shall entail a prior assessment of the ability to devote the required time to the performance of the duties of a director, also considering the obligations associated with his or her business and professional activities and the number of offices of director or statutory auditor filled in other companies listed in regulated markets (including foreign markets), and in financial institutions, banks, insurance companies and large corporations, with

special reference to positions entailing greater involvement in routine, day to-day business management.

**3.** The Board of Directors shall, on an annual basis, collect from individual Board members and publish in the corporate governance report the number of directorships and auditorships held by each Board member within the aforesaid corporations and companies.

**4.** The maximum number of directorships and auditorships in the different types of corporations (other than the Company), generally considered compatible with the effective discharge of official duties as a Director or member of the Board of Statutory Auditors of the Company, is indicated in full in Schedule 1 hereto. In determining the total number of companies in which appointees to the Company's Board of Directors hold directorships or auditorships, no account may be taken of companies belonging to Banca Generali's Group, with the exception of corporations listed on regulated markets (including abroad) and in financial institutions, banks, insurance companies and large corporations. Appointments to the corporate organs of several companies belonging to a single corporate group, other than Banca Generali's Group, are, in practice, generally considered as a single appointment, with the exception of corporations listed on regulated markets (including abroad) and in financial institutions, banks, insurance companies and large corporations.

#### **ARTICLE 6**

Board members shall discharge their assigned functions on the basis of informed decisions, exercising their independent judgement, free from undue influence, in the interest, above all, of creating value for shareholders in the medium-long term within the framework of the ethical principles established by the Board of Directors.

#### **ARTICLE 7**

1. Even in the event management decisions are approved, informed or otherwise influenced, within the bounds of the applicable statutory framework, by a person or party exercising powers of management and coordination over the Company, or otherwise forming a shareholder voting pool, each Board member shall be bound to exert his or her individual decision-making powers, on the basis of his or her independent judgement, in the interest, above all, of creating value for all the shareholders in the medium- to long-term.

#### **ARTICLE 8**

**1.** As the organ in charge of strategic oversight, the Board of Directors shall pass resolutions on the strategic guidelines of the bank, and constantly monitor the implementation thereof.

**2.** In accordance with the provisions of the Articles of Association, Corporate Governance Code and supervisory regulations, the Board of Directors shall, among its other duties:

- (i) examine and approve the strategic, industrial and financial plans of both the Company and the Group it heads, periodically assessing the implementation thereof; define the Company's corporate governance system and the Group's structure; verify that they are properly implemented and promote timely corrective measures in response to any deficiencies or inadequacies, in addition to ensuring the clear distinction of tasks and functions and the prevention of conflicts of interest;
- (ii) define the nature and level of risk compatible with the Company's strategic goals;

- (iii) assess the appropriateness of the general organisational, administrative and accounting layout of the Company and its key subsidiaries, with specific emphasis on the internal control and risk management system; approve their accounting and reporting systems;
- (iv) deliberate upon the transactions of the Company and its subsidiaries, where such transactions are of material strategic, operating, capital or financial importance to the issuer, and, to that end, establish general criteria for identifying transactions of material importance;
- (v) prior to the appointment of each new Board of Directors, or in the event of the co-optation of directors, identify in advance the qualitative and quantitative composition of the Board deemed optimal by determining and justifying the theoretical profile of candidates considered appropriate and submitting it for the shareholders' attention in a timely manner;
- (vi) after a new Board of Directors is appointed or directors co-opted, verify the correspondence between the qualitative and quantitative composition deemed optimal and the actual composition resulting from the appointment process;
- (vii) in order to ensure the proper management of company information, adopt a procedure for the internal management and external disclosure of documents and information pertaining to the Company, with special regard to insider information<sup>1</sup>.

**3.** With respect to the Internal Control and Risk Management System, the Board of Directors shall:

- (i) define guidelines for the Internal Control and Risk Management System so that the primary risks affecting the Company and its subsidiaries are properly identified and adequately measured, managed and monitored, and also determine the degree to which such risks are compatible with management of the Company consistent with the strategic goals identified;
- (ii) assess, with at least annual frequency, the adequacy of the Internal Control and Risk Management System with respect to the Company's characteristics and the risk profile assumed, as well as the effectiveness of the System, carrying out periodic checks to ensure that the internal control structure is respectful of the principle of proportionality and complies with strategic guidelines, and that internal control functions are afforded a sufficient degree of independence within the organisational structure and are endowed with adequate resources to allow them to function properly;
- (iii) approve the working plans drafted by the Heads of the Compliance, Internal Audit and Risk functions and review the periodic reports drafted by those functions;
- (iv) assess the results presented by the independent auditors in any recommendation letters and in reports on fundamental matters brought to light during the independent auditing process.

**4.** The Board of Directors also drafts and submits the remuneration and incentivisation policy to the Shareholders' Meeting at least annually and is responsible for the proper implementation of that same policy. In this context, (i) it establishes the remuneration and incentive systems for the executive directors, general managers, joint general managers, deputy general managers and similar positions, key personnel and the heads and top-level staff of company control functions and (ii) ensures that those systems are consistent with the bank's overall decisions in terms of risk assumption, strategies, long-term objectives, corporate governance structure and internal controls.

**5.** The Board of Directors must examine and authorise any and all transactions subjected to prior Board of Directors' approval pursuant to law, article 18 of the Articles of Association, or to specific Rules approved by the Board of Directors itself, as well as any and all transactions falling outside

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<sup>1</sup> The *Code on Inside information* is available on the Company's website [www.bancagenerali.com](http://www.bancagenerali.com).

the scope of the decision-making powers delegated to the Chief Executive Officer, if appointed, the General Manager, and/or other delegated bodies.

6. The Board of Directors of the company, in its capacity as Parent Bank of the Banking Group, is further vested with decision-making powers in respect of the purchase and sale of shareholdings by subsidiaries belonging to the banking group, as well as the establishment of the criteria for coordinating and managing the banking group companies and for implementing the instructions issued by the Bank of Italy in the interest of Group stability.

#### **ARTICLE 9**

1. Within the limits permitted by law and the Articles of Association, the Board of Directors may delegate its non-exclusive duties to one or more Chief Executive Officers, establishing their duties and terms of office.

2. Moreover, the Board of Directors may delegate decision-making powers, within pre-set limits, on matters concerning credit disbursement and management and current corporate operations to Company directors and employees according to their role or level, either individually or in committees, which may also be made up of employees from companies belonging to the Banking Group.

3. Notwithstanding any delegation of decision-making powers pursuant to the above, the Board of Directors shall in no event be deemed deprived of any of its fundamental prerogatives.

4. Any and all delegated powers must be analytically determined, in a clear and precise manner, with a specification of any and all limitations and ceilings in terms of quantity or amount, as well as procedures for the exercise of the delegated powers in question, especially with a view to allowing the Board of Directors to properly check that the delegated powers have been correctly complied with, as well as to exercise its overriding executive and avocation powers.

5. The individuals or groups of individuals vested with delegated powers shall report to the Board of Directors and the Board of Statutory Auditors, at least on a quarterly basis, in respect of the activities carried out in the exercise of their delegated powers.

#### **ARTICLE 10**

1. The Board of Directors shall assess general business trends, especially in light of the information submitted by the delegated bodies, and on the basis of at least quarterly comparisons of actual corporate performance against pre-set targets.

2. With at least annual frequency, the Board of Directors shall express an opinion of the functioning of the Board of Directors and its Committees, as well as their size and composition, also considering the professional characteristics, experience, and nature of its members, as well as their length of service. Once a year, it shall express an opinion on the appropriateness and effectiveness of the provisions set forth in these Rules. The procedures according to which the Board of Directors' self-assessment process must be carried out are specified in Attachment 2 to these Rules.

3. Considering the operational complexity of Banca Generali as a listed company, the Board of Directors benefits from the assistance of an external professional capable of ensuring autonomy of judgement at least once every three (3) years within the framework of the self-assessment process.

#### **ARTICLE 11**

1. The circulation of information amongst and within Corporate Organs represents a condition *sine qua non* for concretely meeting the targets of efficient management and effective internal control.

2. The Board, in the person of its Chairman, is required to check the setting up and proper maintenance over time, of an adequate, complete and timely system of information flows that allows for the enhancement of the various levels of responsibility within the corporate structure. The Board of Directors, in the person of its Chairman, ensures that information flows are adequate so as to guarantee the confidentiality of the disclosed information.
3. The procedures, frequency, form and minimum content of internal reports to be forwarded to corporate organs must be regulated pursuant to a specific internal Circular<sup>2</sup> approved by the Board of Directors.

## **CHAPTER II – COMPOSITION OF THE BOARD OF DIRECTORS**

### ***ARTICLE 12***

1. 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 provisions and the Articles of Association.
2. In compliance with the Supervisory Provisions and the Corporate Governance Code, Banca Generali recognises and reaps the benefits of diversity at the level of the Group, its Boards and its management team, in all respects, including gender, age, qualification, competencies, training and professional background. The criteria and tools adopted by Banca Generali to ensure an adequate level of diversity at the level of its own corporate Bodies are defined and formalised by an internal Policy<sup>3</sup>.
3. In order for the Board of Directors to discharge its duties properly, it must consist of persons who (i) are fully aware of the powers and obligations inherent in the functions that each of them is called upon to perform, (ii) possess professional expertise suited to the positions they fill and appropriate to the bank's operational characteristics and size, (iii) provide skills spread amongst all members, diversified in such a way that each member may contribute to ensuring effective risk management in all areas of the bank and (iv) dedicate adequate time and resources to the overall nature of their offices.
4. 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 from the standpoint of management and supervision. The Board of Directors must not be made up of too large a number of members.
5. From the qualitative standpoint, the members of the Board of Directors must ensure a level of competence and professionalism adequate to the Bank's operational complexity and size, without prejudice to the satisfaction of the requirements established by Article 26 of Legislative Decree No. 385/1993, any additional requirements for accepting positions according to the Articles of Association and observance of the prohibition of interlocking directorships imposed by Article 36 of the so-called Save Italy Legislative Decree, and they must also dedicate suitable time and resources to carrying out their duties.
6. Given that non-executive directors act as a counter-weight in respect of executive directors and the bank's management, and promote internal dialectics, the Board shall be comprised by a majority of non-executive directors.

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<sup>2</sup> Circular letter regulating information flows towards Company Boards – Internal.

<sup>3</sup> The Company Board Diversity Policy is available from the corporate website [www.bancagenerali.com](http://www.bancagenerali.com).

7. Considering that Banca Generali is subject to management and coordination by another Italian company with shares listed in regulated markets, the Board of Directors consists of a majority of independent directors, pursuant to the provisions of article 16, paragraph 1, letter d), of the Regulation adopted by Consob in resolution No. 20249 of 28 December 2017. Independent Directors are tasked with independently overseeing corporate management, and contributing towards ensuring that the company is administered in the interest of its shareholders and in accordance with the principles of good corporate governance.

8. Non-executive directors are required — in order to effectively perform the duties assigned to them — to possess and express adequate knowledge of the banking business, the dynamics of the economic and financial system, and risk management and monitoring methods.

9. Executive Directors shall include:

(i) the Chief Executive Officers of the Company or a strategic subsidiary thereof, including the Chairmen in the case where the same are personally vested with delegated powers or play a specific role in shaping corporate policy and strategy;

(ii) Directors who also serve as executives within the Company or within a strategic subsidiary thereof, or even within the Parent Company, in the case where the position also involves the issuer.

### **CHAPTER III – INDEPENDENT DIRECTORS**

#### **ARTICLE 13**

1. The Board of Directors shall apply the criteria specified below to assess, on the basis of the disclosures and statements made by the individuals in question, as well as other information available to the Board of Directors, compliance with independence requirements:

(i) after the appointment of each new Board member claiming to meet independence requirements;

(ii) once a year, in respect of all Board members.

2. After the appointment of each new independent Board member, the Board of Directors' findings in such regard shall be made public, being announced in a press release disclosed to the market as well as in the annual corporate governance report.

3. The Chairman shall ensure that the Board of Statutory Auditors is afforded every opportunity and all the assistance the latter may request or require to effectively independently verify the aforesaid findings.

4. In assessing the independence of non-executive directors, the Board of Directors shall have more regard for substance than for form.

5. Independent directors are directors satisfying applicable independence requirements, in accordance with the principles set forth in article 148, paragraph 3, of the Legislative Decree 58/1998.

6. A Director may not, as a general rule, be considered independent in the following cases (although the same are not to be deemed imperatively applicable):

a) if he/she directly or indirectly, including through subsidiaries, trust companies and third party intermediaries, controls the Company or is in a position as to exert a significant influence over the same, or is party to a shareholder agreement under which one or more parties are afforded control of or a significant influence over the Company;

*b)* is, or has been in the preceding three financial years, a key executive of the Company or a strategic subsidiary thereof, or a company subjected to common control with the Company, or a company or body that, even together with others on the basis of a shareholder agreement, controls the Company or is in a position as to exert a significant influence over the same;

*c)* directly or indirectly (for instance through subsidiaries or companies in which he serves as a key executive, or professional partnerships or consultancy firms in which he/she is a partner) maintains, or has maintained in the previous financial year, significant commercial, financial or professional relationships with:

- the Company or one of its subsidiaries or one or more of its key executives;
- a person or party that, either alone or together with others pursuant to a shareholders' agreement, controls the Company or — in the case where the said party is a legal entity or body corporate — with the key executives thereof;
- one or more of any of the aforesaid persons and/or parties, as an employee, at any time during the previous three financial years;

*d)* currently receives, or has received in the previous three financial years, from the Company or a subsidiary or corporate parent thereof significant compensation (in addition to the “fixed” emoluments due to non-executive Directors of the Company and the remuneration for attendance at committees) including as part of stock option or other plans linked to corporate performance;

*e)* has been a Director of the Company for more than nine years during the past twelve years;

*f)* is an Executive Director in another company in which an Executive Director of the Company also holds a directorship;

*g)* is a shareholder or Director of a company or entity belonging to the network of the company or firm appointed as the Company's Independent Auditors;

*h)* is a close family member of a person in one of the situations described above.

**7.** The Board of Directors assesses the independence also by examining all credit situations in which the bank is involved and related to the independent director in question.

**8.** Furthermore, pursuant to the rules set forth in article 16 of the Consob Resolution No. 20249 of 28 December 2017, it is provided that no person who sits on the Board of Directors of a company or body engaging in management and coordination activities in respect of the Company or on the Board of Directors of any listed entity controlled by such company or body, may be considered an independent director of the Company.

**9.** For the intents and purposes of the above, the “key executives” of a corporation or entity shall include: the Chairman of the entity, or the Chairman of its Board of Directors, as well as executive directors, managers and key management personnel.

#### **ARTICLE 14**

**1.** The Independent Directors shall meet at least once a year in the absence of the other Directors.

**2.** All such meetings shall be chaired either by the Chairman of the Board of Directors in the case where the latter meets independence requirements, or by an Independent Director appointed for such purpose by the Independent Directors at the first meeting of Independent Directors without the presence of the other Directors. The Secretary of the Board of Directors shall also serve as secretary to the aforesaid meetings.

## **ARTICLE 15**

1. Non-executive Directors must:

- (i) acquire, including through Board committees, information on corporate administration and organisation, from management as well as the Internal Audit and other company control functions;
- (ii) not be involved, not even only *de facto*, in the executive management of the company, and must avoid conflicts of interest;
- (iii) actually be involved in the tasks entrusted to them, including from the standpoint of the time that they can dedicate to such tasks;
- (iv) participate in decision-making processes leading to the appointment or dismissals of heads of company control or risk management functions.

## **ARTICLE 16**

1. The non-executive Directors shall meet at least once a year in the absence of the other Directors.
2. The said meetings shall be chaired by the Chairman of the Board of Directors or a Non-executive Director appointed by the Non-executive Directors at the first of such meetings. The Secretary of the Board of Directors shall also serve as secretary to the aforesaid meetings.

## **CHAPTER V – HANDLING OF CORPORATE INFORMATION**

### **ARTICLE 17**

1. Members of the Board of Directors and the Board of Statutory Auditors shall handle with the utmost confidentiality any and all documents and information of which they may become aware in the discharge of their duties, and shall strictly comply with Company procedures for the internal handling and outside disclosure of the said documents and information.
2. The Board of Directors shall establish specific provisions aimed at regulating the procedures for the handling of confidential and inside information, as well as for maintaining the Insider Register.
3. Without prejudice to the obligation binding on all corporate executives and informed persons to carefully store any and all confidential information of which they may become aware in the course of performing their assigned duties, in order to avoid the risk of the inappropriate disclosure of confidential information, the Board has entrusted the Head of the Investor Relations Service with preparing drafts of notices pertaining to Inside Information together with the Media Relations Service and the Corporate Affairs Service, as well as ensuring the proper discharge of public disclosure obligations<sup>4</sup>.

## **CHAPTER VI – SETTING UP AND FUNCTIONING OF BOARD COMMITTEES**

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<sup>4</sup> In accordance with the above-mentioned *Code on Inside information* (cf. Note 1 above).

## **ARTICLE 18**

1. Specialised Board Committees entrusted with control, advisory and recommendatory functions, and comprising exclusively independent directors, facilitate decision making especially in sectors of activity featuring a high risk of conflicts of interest.
2. In order to enhance the effectiveness and efficiency of its operations, the Board shall avail of the support of the following Board Committees vested with control, advisory and recommendatory duties (the “Board Committees”):
  - (i) the Internal Audit and Risk Committee,
  - (ii) the Remuneration Committee,
  - (iii) the Nomination, Governance and Sustainability Committee.
3. The Internal Audit and Risk Committee is made up of four directors, all of whom independent.
4. The Remuneration Committee is made up of three directors, all of whom independent.
5. The Nomination, Governance and Sustainability Committee is made up of three directors, all of whom independent.
6. Committees must be distinguished from one another by at least one member. The work of each Committee is coordinated by a Chairman chosen from among the members of the Committee in question.
7. The composition, assigned tasks, powers and functioning of each Committee shall be regulated pursuant to specific Rules approved by the Board of Directors.
8. Pursuant to the provisions set forth herein, Board Committees shall, through the Board Secretary, be afforded unhindered access to any and all the data, information and corporate functions as may be necessary or useful for the discharge of their duties, as well as avail of the services of outside consultants, subject to the term and conditions established by the Board of Directors. The Company shall endow all Board Committees with sufficient financial resources for the discharge of their assigned duties, within the framework of the budget approved by the Board of Directors.
9. The corporate governance report must provide adequate information on the setting up and composition of Board Committees, their assigned tasks, duties and functions as well as, in accordance with the information provided by each Committee, the activities actually carried out by Board Committees during the financial year. Moreover, the aforesaid report must also specify the number and the average length of meetings held and the attendance rate of each member of the Board of Directors and the Board Committees.

## **CHAPTER VII – APPOINTMENT OF DIRECTORS**

### **ARTICLE 19**

1. The composition of the Board of Directors and the appointment and dismissal of Board members shall be regulated pursuant to article 15 of the Articles of Association, which is designed to ensure an adequate representation of the various components of the corporate base.
2. In order to ensure that the Board of Directors includes persons capable of ensuring that the role assigned to them is discharged effectively, the Board of Directors, with the advisory support of the Nomination, Governance and Sustainability Committee — in the event of the appointment of the Board of Directors or one or more members of the latter, also by co-option —, shall (i) define in advance the professional expertise required to achieve this result, and (ii) define the qualitative and quantitative composition of company bodies (determining and justifying the theoretical profiles of candidates considered suitable, including as regards professional qualifications and independence)

in relation to the bank's characteristics. The results of the above analysis shall be submitted to the shareholders' attention in a timely manner so that the process of selecting and appointing candidates may take account of such indications.

3. Upon the conclusion of the appointment process, the Board of Directors (with the advisory support of the Nomination, Governance and Sustainability Committee) shall conduct a review that the actual result of the appointment process corresponds to the qualitative and quantitative composition deemed optimal.

## **CHAPTER VIII – DIRECTORS' REMUNERATION**

### **ARTICLE 20**

1. It is up to the Ordinary Shareholders' Meeting to determine not only the remuneration of the corporate organs it appoints, but also to approve the remuneration policies to be applied to Directors, employees and collaborators serving the company pursuant to relationships other than employment, as well as any and all incentive plans based on financial instruments.

2. Upon examining the recommendations of the Remuneration Committee, and having heard the Board of Auditors, the Board of Directors shall determine the remuneration of Chief Executive Officers, if any, and any and all other Directors vested with specific duties, as well as — in the case the Shareholders' Meeting determined an overall remuneration for the Board of Directors — the subdivision of said remuneration amongst its members.

## **CHAPTER IX – INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

### **ARTICLE 21**

1. Responsibility for the Internal Control and Risk Management System falls to the Board of Directors, which plays a role of guidance and evaluation of the adequacy of the system and identifies among its own members an Internal Audit and Risk Committee, consisting solely of independent directors, with the task of supporting, through appropriate preliminary activity, the Board of Directors in its assessments and decisions concerning the Internal Control and Risk Management System, as well as the approval of periodic financial reports.

2. After obtaining the Internal Audit and Risk Committee's opinion, the Board of Directors shall assess the adequacy of the Internal Control and Risk Management System with respect to the Company's characteristics and the risk profile assumed, as well as the effectiveness of the System.

3. Upon the proposal of the Director in charge of the Internal Control and Risk Management System, and after obtaining the favourable opinion of the Nomination, Governance and Sustainability Committee and the Internal Audit and Risk Committee, and after consulting with the Board of Statutory Auditors, the Board of Directors shall appoint and dismiss the heads of the company's audit functions (Internal Audit, Compliance and Risk Management) and ensure that control functions have resources adequate to discharging their responsibilities.

4. The Board of Directors, also through one of its members (in this case the member in charge of the Internal Control and Risk Management system), or the Internal Audit and Risk Committee:

- a. shall identify the main corporate risks, taking due account of the business operations of the Company and its subsidiaries;

- b.* shall implement the guidelines laid down in designing, setting up and managing the internal control and risk management system, and constantly monitor the overall adequacy and effectiveness of the same;
- c.* shall adapt the said system to changes in operating conditions and in the applicable statutory and regulatory framework;
- d.* may request that the Internal Audit, Compliance or Risk Management functions (according to their respective competencies) conduct audits of specific operating areas and compliance with internal rules and procedures in carrying out company operations, simultaneously giving notice thereof to the Chairman of the Board of Directors, Chairman of the Audit and Risk Committee and the Chairman of the Board of Statutory Auditors;
- e.* shall examine in a timely manner the problems and critical issues brought to light in discharging its duties, or of which it has otherwise become aware, so that appropriate initiatives be undertaken.

## **CHAPTER X –DIRECTORS' INTEREST AND RELATED PARTY TRANSACTIONS**

### **ARTICLE 22**

1. Any and all transactions in which a Director may hold an interest on his/her own behalf or on behalf of third parties, and falling within the scope of the cases contemplated in section 2391 of the Italian Civil Code, as well as any and all related party transactions, must be approved and effected in a transparent manner and in accordance with section 2391-*bis* of the Italian Civil Code, Article 136 of Legislative Decree No. 385/1993 where applicable, the Procedure for Related Party and Connected Party Transactions and Transaction of Greater Importance<sup>5</sup>, and the principles of substantive and procedural correctness.

## **CHAPTER XI – RELATIONS WITH SHAREHOLDERS**

### **ARTICLE 23**

1. The Board of Directors shall promote and encourage the greatest possible involvement of Shareholders in Shareholders' Meetings and shall take action to streamline procedures for the exercise of shareholders' rights.

2. As a general rule, all the Directors shall attend Shareholders' Meetings. In particular, the Board of Directors shall report to the Shareholders' Meeting, in respect of completed and scheduled activities and shall ensure that all Shareholders are provided adequate information on all pertinent matters so as to enable them to make informed decisions in respect of the items placed on the agenda of Shareholders' Meetings.

3. The Board shall task one or more specific corporate functions with the management of shareholder relations.

4. In the case of significant changes in the market capitalisation of the Company's shares or in its ownership structure, the Board of Directors shall assess the appropriateness of the percentages established for the exercise of the shares and the prerogatives instituted with a view to protecting

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<sup>5</sup> The *Procedure for Related Party and Connected Party Transactions and Transactions of Greater Importance* is available from the corporate website [www.bancagenerali.com](http://www.bancagenerali.com).

minority shareholders' rights, putting forward recommendations to the Shareholders' Meeting, where necessary.

## **CHAPTER XII – FINAL PROVISIONS**

### ***ARTICLE 24***

1. At least once a year, at the time of the approval of the Corporate Governance Report, the members of the internal control and administrative bodies shall meet to discuss the ongoing effectiveness of these Rules and the concrete implementation of the corporate governance rules set forth in the Corporate Governance Code, passing any and all related resolutions.

## SCHEDULE 1

|                                | Listed companies <sup>6</sup> |                               |         | Financial or insurance companies<br>and banking institutions |                               |         | Large corporations <sup>7</sup> |                               |         |
|--------------------------------|-------------------------------|-------------------------------|---------|--|-------------------------------|---------|---------------------------------|-------------------------------|---------|
|                                | Executive<br>Director         | Non-<br>executive<br>Director | Auditor | Executive<br>Director  | Non-<br>executive<br>Director | Auditor | Executive<br>Director           | Non-<br>executive<br>Director | Auditor |
| Executive<br>Directors         | 0                             | 5                             | 0       | 0  | 5                             | 0       | 0                               | 5                             | 0       |
| Non-<br>executive<br>Directors | 2                             | 5                             | 2       | 2  | 5                             | 2       | 2                               | 5                             | 2       |

(6) If a financial institution, insurance company or bank is listed on the stock exchange or qualifies as a "large corporation", a directorship within a legal entity belonging to more than one of the aforesaid categories counts as a single directorship for the intents and purposes of calculating the total number of directorships held.

(7) Companies with no less than two hundred employees for no less than a year.

**Rules Regulating the Self-Assessment Process of the  
Board of Directors  
of Banca Generali**

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## 1. Foreword

The Bank of Italy's Supervisory Provisions governing the organisation and corporate governance of banks (cf. Bank of Italy Circular Letter No. 285/2013, as updated) devote particular attention to a periodic process of self-assessment of the body responsible for strategic supervision of a bank with the aim of:

- ensuring verification that the body is functioning properly and effectively and its composition is adequate;
- ensuring substantive compliance with the Supervisory provisions concerning corporate governance and the intended aims of such provisions;
- supporting updates to internal rules governing the body's 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 any major weaknesses, promoting discussion within the body and determining the corrective measures to be taken;
- enhancing the collaborative relationships and bonds of trust between individual members and between the strategic supervision and management functions;
- 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.

In accordance with current relevant legislation, the Bank's Board of Directors is tasked first and foremost with assessing and identifying its own optimal qualitative and quantitative composition in a manner consistent with the objectives of the provisions set forth in laws and regulations, best practices and the guidance provided by the Bank of Italy and international organisations.

The Board of Directors is also tasked with conducting an annual self-assessment of the size, composition and functioning of the Board itself and Board Committees.

In particular, the assessment:

- with regard to the Board of Directors as a whole (and, where applicable to Board Committees), concerns:
  - composition, with guidance concerning size in qualitative and quantitative terms, the degree of diversification by age, gender, type and professional functional expertise, and the experience required of Directors, as a function of the strategies pursued by the Bank. In this regard, in accordance with legal and regulatory standards, the above assessment does not affect the eligibility of individual members, which remains subject solely to the requirements laid down in Article 26 of the Consolidated Law on Banking and the prohibition of interlocking directorships under Article 36 of Legislative Decree 201 of 6 December 2011, converted by Law 214 of 22 December 2011;
  - functioning, with guidance concerning the Directors' background and ongoing education and the circulation of information, with consideration of the adequacy of the flows of information intended for the administrative body and, where applicable, Board committees. In addition, the frequency and duration of sessions of the Board and Board Committees are to be analysed and the accuracy of the minutes is to be assessed accordingly;

- with regard to the individual Directors, concerns:
  - the independence requirements that they meet. In this regard, the Directors' independence is assessed in accordance with the standards concerning size and composition established by the law and Supervisory provisions. Notably, the Board of Directors verifies, on the basis of the information provided by the Director in question or otherwise available to the Bank, relationships that effectively compromise or may compromise the independent judgment of each Director;
  - the integrity requirements that they meet. In this regard, in accordance with the size and composition standards established by laws and Supervisory provisions, the Board of Directors uses the information provided by the Director in question or otherwise available to the Bank to determine that the director is not in a situation that might be grounds for suspension from the position of Director and has not engaged in conduct that, while not constituting a criminal offence, does not appear compatible with the role of Director of the Bank or may entail severe adverse consequences for the Bank's reputation;
  - the established limit on concurrent positions. In addition, the Board of Directors assesses the director's level of participation in the Board's decisions in order to verify that the Director's involvement and the time dedicated to performing his or her duties are sufficient to ensure the diligent performance of his or her tasks.

## **1.1. Objectives of the Document**

The objective of these Rules is to describe the annual Self-assessment process of the Board of Directors of Banca Generali S.p.A.

## **2. Parties Involved in the Self-assessment Process**

The parties, i.e. the company organisational units involved in various capacities in the process governed by these Rules, are set out below, with an indication of the role specifically assigned to them in that same process:

### **2.1. Body with Strategic Oversight Function**

The Board of Directors is the strategic oversight body responsible for defining the Bank's overall governance structure, approving its organisational structure, verifying that it is properly implemented and promoting timely corrective measures in response to any deficiencies or inadequacies. Among its various functions, it is also responsible for: *i*) approving the Bank's organisational and corporate governance structure, ensuring a clear distinction of tasks and functions and preventing conflicts of interest; *ii*) approving accounting and reporting systems; *iii*) supervising the bank's process of public disclosure and communication; and *iv*) ensuring effective dialogue with the management function and the heads of the major company functions, in addition to verifying the function heads' choices and decisions over time.

Furthermore, in accordance with the Bank of Italy's Supervisory Provisions concerning the organisation and corporate governance of banks, as updated, the Board of Directors is tasked with conducting the Self-assessment process described in the foreword at least once a year.

## **2.2. Chairman of the Board of Directors**

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The Chairman of the Board of Directors performs an important function aimed at ensuring the proper functioning of the Board of Directors, encouraging internal dialogue and ensuring the balance of power between the Chief Executive Officer and executive directors.

In order to effectively discharge this key function, the Chairman must play a non-executive role and must be free from operating responsibilities, including *de facto*.

The Self-assessment process is conducted by personnel identified by the Chairman of the Board of Directors upon proposal of the Nomination, Governance and Sustainability Committee.

Specifically, the Chairman coordinates activities relating to the annual Self-assessment process, with the operating support of the Secretary of the Board of Directors.

## **2.3. Body with Managing Functions**

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The Body with management functions is the corporate body or members of that body who are entitled to or have been assigned management tasks, i.e. implementing the guidelines approved by the strategic oversight function.

At Banca Generali, the Body with management functions is represented by the Chief Executive Officer and General Manager, who attends the meetings of the Board of Directors.

The Chief Executive Officer is at the apex of the internal organisational structure.

## **2.4. Secretary of the Board of Directors**

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The Secretary of the Board of Directors of Banca Generali S.p.A. provides operational support to the Chairman in preparing the self-assessment questionnaire to be submitted to the Bank's Directors and Board of Directors in the process of collecting and consolidating the results of the self-assessment questionnaire.

## **2.5. External Professional**

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In accordance with the legislation of reference cited above, Banca Generali, as a listed bank and thus considered on a par with banks of greater size or operational complexity, shall avail, within the Self-assessment process, of the assistance of an external professional capable of ensuring autonomy of judgment at least once every three years.

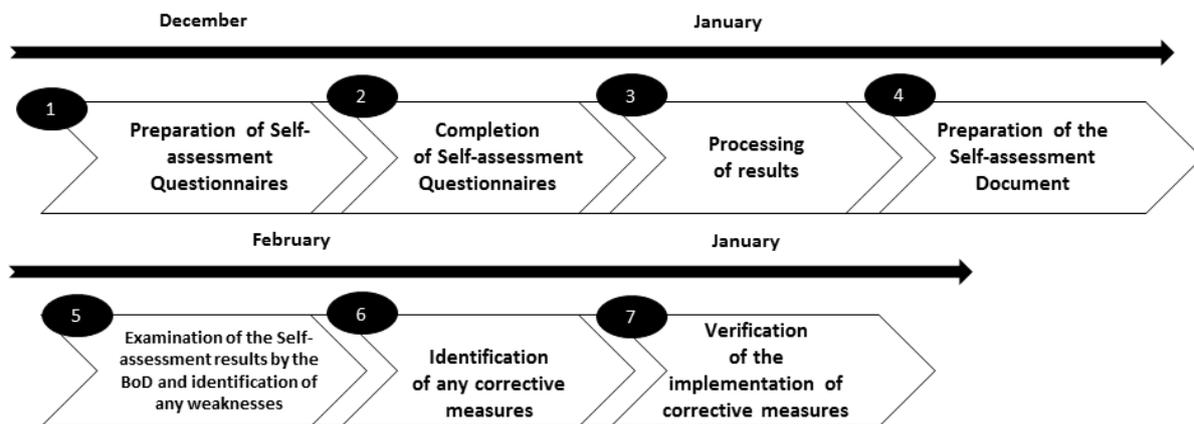
The choice of the specialised firm or professional consultant is to be made by the Board of Directors, with the support of the Nomination, Governance and Sustainability Committee.

The Nomination Committee is responsible for verifying that the third party is chosen from among persons capable of ensuring independence and objectivity of judgement and providing specific expertise concerning the bank's sector of operation.

The Nomination Committee, Governance and Sustainability is responsible for liaising with the selected professional.

### 3. Stages of the Self-assessment Process of the Board of Directors of Banca Generali S.p.A.

The following is a representation of the overall structure and timetable of the stages of the process, described in detail in the following sections:



Times are subject to change depending to the situation in each year. In any event, the process must be concluded in time for the results to be incorporated into the Corporate Governance Report.

#### Foreword

The Self-assessment process of the Board of Directors is conducted at least annually and involves an assessment of activities during the year nearing an end.

The Self-assessment process of the Board of Directors normally begins in December of each year, with the preparation of the assessment questionnaire, and concludes no later than the session of the Board of Directors that approves the Bank's draft financial statements, with an overall assessment by the Board of the relevant results and the identification of any strengths/weaknesses and the appropriate corrective measures adoption of which is requested.

The Self-assessment process also involves a concurrent analysis of the state of progress and/or implementation of any corrective measures identified and defined in the previous year.

The Self-assessment process takes account of the results of the verification envisaged in Article 26 of the Consolidated Law on Banking (TUB) and of the verification of the additional requirements under the Articles of Association for the acceptance of offices, in addition to observance of the prohibition of interlocking directorships under Article 36 of Law Decree 201 of 6 December 2011, converted by Law 214 of 22 December 2011. This verification is performed by the Board of Directors of Banca Generali according to the established mechanisms for determining satisfaction of the requirements applicable to company representatives under sector legislation.

### **3.1. Preparation of Self-assessment Questionnaires**

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With the operational support of the Secretary of the Board of Directors, the Chairman defines the questionnaire form to be used, drawing inspiration from corporate governance best practices and taking account of the peculiarities of the Bank's business model and functioning.

With regard to the Self-assessment process in the years following initial implementation, this stage begins with an analysis of the questionnaire form used in the previous self-assessment in order to confirm that it remains valid or to make additions or changes. The questionnaire is modified when it is deemed necessary to add to or expand on the areas of inquiry required by applicable regulations and best practices. In addition, the questionnaire is extended or modified when there are changes to the Bank's corporate profile or organisational or governance structure.

The questionnaire form is divided into a suitable and appropriate number of questions, to each of which all Directors in office are asked to respond, individually, independently and anonymously, on the basis of their experience on the Bank's Board of Directors, in reference to an assessment scale.

The questions included in the questionnaire concern matters relating both to the qualitative and quantitative composition of the Board of Directors and its functioning. The following are assessed with regard to the former aspect:

- the size of the Board of Directors;
- the level of diversity and professional preparedness of the Directors;
- the balance guaranteed by the non-executive and independent members;
- the adequacy of nomination processes and selection criteria;
- ongoing professional education.

As concerns the functioning of the Body, the Directors are asked to express an opinion with regard to:

- the conduct of meetings;
- the frequency, duration, degree and methods of participation;
- the time available to be dedicated to the position;
- the relationship of trust, collaboration and interaction between the members;
- the quality of discussion within the Board.

Aspects relating to the composition and functioning of the Body are also assessed in reference to specific thematic areas of particular significance, through the inclusion of specific questions in the questionnaire.

An assessment of the proper performance of the duties assigned to Board Committees is also required.

### **3.2. Completion of Self-assessment Questionnaires**

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Once the process of preparing the questionnaire has been completed, the Secretary of the Board of Directors sends the questionnaire to the individual Directors for completion. The Directors provide the requested information separately and independently and return the results to the Secretary of the Board of Directors in an anonymous manner for subsequent consolidation.

### **3.3. Conduct of Interviews**

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Banca Generali S.p.A. reserves the right to follow up on the written questionnaires through interview techniques whenever deemed appropriate.

Such interviews may involve not only of members of the Body being assessed, but also the Chairman of the Board of Statutory Auditors and the Chief Executive Officer and General Manager, as well as internal members of the Bank's staff who, in regard to the activity they perform, have an adequate basis of information to express an assessment of the activity carried out by the Body concerned.

The Secretary of the Board of Directors is responsible for managing interviews, with the assistance of an external professional, where identified by the Board of Directors.

### **3.4. Determination of the Results of Self-assessment Questionnaires**

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The Secretary of the Board of Directors collects the questionnaires and consolidates their results.

### **3.5. Preparation of the Self-assessment Document**

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The Secretary of the Board of Directors supports the Chairman in preparing the Board's self-assessment document, which illustrates:

- the methodology and various stages of which the self-assessment process is composed;
- the parties involved;
- the results obtained, with emphasis of any strengths and weaknesses brought to light;
- any necessary corrective measures proposed by the Directors;
- the state of progress or degree of implementation of the corrective measures identified in the previous self-assessment.

### **3.6. Examination of the Results of the Self-assessment Process by the Board of Directors and Identification of Any Weaknesses**

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The results of the Self-assessment process of the Board of Directors and its internal Committees are presented to and examined by a specific session of the Nomination, Governance and Sustainability Committee and then to a session of the Board of Directors, in accordance with the timetable indicated above. At that time, the Board of Directors identifies any corrective measures to be taken to remedy the weaknesses reported by the Directors.

The Board of Directors assesses the implementation of such corrective measures during the next Self-assessment process.

### **3.7. Identification of Possible Corrective Measures**

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On the basis of any weaknesses brought to light at the end of the Self-assessment process, corrective measures may be identified for implementation through the planning of projects to be carried out by the various functions/divisions involved.

Such activities entail periodic alignments with the aim of monitoring the state of progress of the work, which is also analysed by the Board of Directors during the next self-assessment process.

Where the results obtained are not in line with the schedule or Board of Directors' expectations, they are included in the next Self-assessment document.

