



**BANCA
GENERALI**

**REPORT
ON CORPORATE
GOVERNANCE
AND COMPANY
OWNERSHIP
2020**

ORDINARY GENERAL MEETING
22-23 APRIL 2021

ANNUAL REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

25 March 2021

This document has been translated from that issued in Italy, from the Italian into the English language, solely for the convenience of international readers. The Italian version remains the definitive version.

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GLOSSARY

Bank of Italy Circular No. 263: Bank of Italy Circular No. 263 of 27 December 2006 on the “New regulations for the prudential supervision of banks” (as subsequently amended).

Bank of Italy Circular No. 285: Bank of Italy Circular No. 285 of 17 December 2013 on “Supervisory provisions for banks” (as subsequently amended).

Board of Statutory Auditors: the Board of Statutory Auditors of the Issuer.

Board or Board of Directors: the Board of Directors of the Issuer.

Borsa Italiana: Borsa Italiana S.p.A.

Civil Code: the Italian Civil Code, approved by Royal Decree No. 262 of 16 March 1942, as amended and extended.

Consob: the Commissione Nazionale per le Società e la Borsa (Consob) is the public authority responsible for regulating the Italian financial markets.

Consob Related Party Regulations: the Regulation on Related Party Transactions issued under Consob resolution No. 17221 of 12 March 2010 (as subsequently amended and extended).

Consob Rules for Issuers: the Issuer’ Regulation issued under Consob resolution No. 11971 of 14 May 1999 (as subsequently amended and extended).

Consob Rules on Markets: the Regulation on markets issued under Consob resolution No. 20249 of 28 December 2017.

Corporate Governance Code: the Corporate Governance Code of listed companies approved in July 2018 by the Corporate Governance Committee and promoted by Bor-

sa Italiana S.p.A., ABI, ANIA, Assogestioni, Assonime and Confindustria (Confederation of Italian Industry). ⁽¹⁾

General Shareholders’ Meeting: the General Shareholders’ Meeting of the Issuer.

Issuer or Banca Generali or Company: the issuer to which the Report refers.

Instructions to the Rules of the Market: Instruction accompanying the Rules of the Market organized and managed by Borsa Italiana S.p.A., in force at the date of approval of this Report.

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 suitability to serve as member of the management of banks, financial intermediaries, guarantee consortia, electronic payment institutions, payment institutions and depositor guarantee systems.*”

Rules of the Market: the Rules of the Market organized and managed by Borsa Italiana S.p.A., in force at the date of approval of this Report.

Report: this Corporate Governance and Ownership Structure Report, that the companies have to prepare pursuant to Article 123-*bis* of TUF.

Shareholders: the holders of Banca Generali’s shares.

TUB: Legislative Decree No. 385 of 1 September 1993 (Consolidation Law on Banking).

TUF: Legislative Decree No. 58 of 24 February 1998 (Consolidation Law on Finance).

Year: the financial year to which the Report refers.

Save where otherwise specified, the information contained in this Report is updated as at the date of its approval by the Company’s Board of Directors (*i.e.*, 25 March 2021).

The Report was submitted to the Independent Auditors

for their audit and consistency opinion pursuant to Article 123-*bis*, paragraph 4, of TUF. The results of the audit of the Independent Auditors are given in the Independent Auditors’ Report prepared pursuant to law and attached to the Company’s 2020 Financial Report.

⁽¹⁾ On 9 December 2019, the Committee defined the content of the new Corporate Governance Code, which was then finally approved and published on 31 January 2020. The companies that adopt the Code will apply it by the beginning of the first financial year starting after 31 December 2020, duly informing the market through the Report on Corporate Governance and Company Ownership to be published in 2022.

1. ISSUER PROFILE

1.1 Corporate mission

Banca Generali is a leading player in financial planning and wealth protection services. Leveraging on its top-of-the-industry network of Financial Advisors and versatile and innovative asset management services, thanks to its distribution networks and deep-rooted presence in Italy, the Company manages approximately 74.5 billion euros (data at 31 December 2020) on behalf of about 312,000 clients.

Banca Generali sets the standard for the Italian financial advisory market, aiding its clients in choosing the solutions best suited to protecting their financial and real-estate investments.

Through a network of highly qualified Financial Advisors, the Banca Generali banking Group seeks to meet each client's investment needs in a manner consistent with his or her financial profile and investment horizon.

As illustrated in greater detail in the Annual Integrated Report 2020, in pursuing its activities, Banca Generali continues — consistently with the steps already taken in previous years — to demonstrate its commitment to sustainability with strategies and activities aimed at proving its capacity for forward thinking and keeping in mind the needs of all its stakeholders. In particular, the latter are more and more seeking a business approach that takes account of ESG (Environmental, Social and Governance) factors.

From this perspective, Banca Generali adopts an approach in line with market best practices and consistent with stakeholders' expectations that aims to establish medium-to-long-term strategic objectives in order to foster sustainable business development and generate lasting value over time.

1.2 The Corporate Governance Model

As is known, a proper corporate governance system must be based on certain key elements, such as the central role of the Board of Directors and top management, the proper management of conflicts of interest, transparency in the disclosure of corporate decisions, and an efficient internal control system.

In detail, Banca Generali's overall corporate governance framework was defined in line with the current laws and regulations, also taking into account the recommendations of the Corporate Governance Code, that Banca Generali complies with, the principles enshrined in the best practices (including international ones), as well as the Bank of Italy's Supervisory Regulations and, with particular reference to corporate governance issues, to the Regulations for the Prudential Supervision of Banks issued by the Bank of Italy with Circular No. 285.

In adopting an organisational structure consistent with this legal framework, Banca Generali pursued the following objectives: *(i)* a clear definition of functions and responsibilities; *(ii)* the appropriate balancing of delegated powers; *(iii)* the balanced composition of corporate bodies; *(iv)* an integrated and effective internal control system; *(v)* comprehensive risk assessment and management; *(vi)* a remuneration structure in line with risk-management policies and long-term corporate strategy; and *(vii)* adequate reporting systems and information flows.

Banca Generali's organisational structure is made of the following main company bodies and officers:

- (i) Board of Directors;
- (ii) Chairman of the Board of Directors;
- (iii) Chief Executive Officer;
- (iv) Remuneration Committee;
- (v) Nomination, Governance and Sustainability Committee;
- (vi) Internal Audit and Risk Committee;
- (vii) General Shareholders' Meeting;
- (viii) Board of Statutory Auditors.

Other company bodies and officers include the General Management, and persons vested with powers of representation pursuant to the provisions of the Articles of Association.

The Company's organisational structure is based on the traditional model of corporate governance.

Board of Directors

Responsibility for the strategic supervision of the company lies with the Board of Directors.

The Board of Directors is appointed by the Shareholders' Meeting for a three-year term at the most. Among of Board of Directors' members a Chairman is appointed, and potentially, a Vice Chairman; the Board of Directors may also appoint one or more Chief Executive Officers, determining the powers and responsibilities thereof. The Board of Directors can also appoint a General Manager and one or more Joint General Managers, who together form the General Management.

The company managing function is entrusted to the Chief Executive Officer and the General Management.

Section 4 of this Report provides further information on the Board of Directors.

Board Committees

To facilitate an efficient information and consultation system that allows the Board of Directors to best evaluate certain matters within its remit, in accordance with the supervisory provisions indicated in Bank of Italy Circular No. 285 and Corporate Governance Code recommendations, as at the date of approval of this Report three Board Com-

mittees have been established, with purely consultative and advisory functions, namely (i) a **Nomination, Governance and Sustainability Committee**; (ii) a **Remuneration Committee**; (iii) an **Internal Audit and Risk Committee**.

Sections 7, 8 and 10 of this Report provide further information on the Committees.

General Shareholders' Meeting

The General Shareholders' Meeting passes resolutions expressing the intentions of the shareholders. The resolutions passed pursuant to statutory provisions and to the Articles of Association are binding on all the shareholders, including those abstaining or dissenting.

Section 16 of this Report provides further information on the General Shareholders' Meeting.

Board of Statutory Auditors

The Board of Statutory Auditors, appointed by the Shareholders' Meeting, for a three-year term, has a control func-

tion. The Board of Statutory Auditors is not responsible for statutory auditing of the Company's accounts, a task entrusted to Independent Auditors duly registered with the specific professional rolls set by Consob. The Independent Auditors are bound to monitor the proper bookkeeping of the Company's accounts, during the course of the financial year, and to ensure that the Company's books faithfully reflect management facts. The Independent Auditors are also in charge of checking that the figures carried in the annual and consolidated financial statements present a true and fair account of the Company's books and that all accounting documents are compliant with applicable regulations.

Sections 13 and 14 of this Report provide further information on the Board of Statutory Auditors.

The powers and operating procedures of the company bodies are governed by law, the Articles of Association and the resolutions approved by the relevant bodies.

The Articles of Association are available at the Company's registered office and can also be consulted on the Company's website (www.bancagenerali.com) under section "Governance" — "Corporate Documents".

2. INFORMATION ON COMPANY OWNERSHIP (PURSUANT TO ARTICLE 123-BIS OF TUF) AS OF 25 MARCH 2021

a) Structure of the Share Capital (pursuant to Article 123-bis, paragraph 1, letter a) of TUF)

Banca Generali's subscribed and paid up share capital, as shown in the following table, amounts to 116,851,637.00 eu-

ros, divided into 116,851,637 ordinary shares of a par value of 1.00 euro.

	NO. OF SHARES	% OF SHARE CAPITAL	LISTED (SPECIFY ON WHICH MARKETS)	RIGHTS AND OBLIGATIONS
Ordinary shares	116,851,637	100	Listed on the MTA organised and managed by Borsa Italiana S.p.A.	All the rights contemplated under the Civil Code and the Articles of Association

See Table 1 in Attachment 1) to this Report.

Banca Generali holds 1,767,676 treasury shares, with the aim to provide the Company with the amount of shares needed to pay short- and long-term incentive (including compensation agreed upon in view of or in the event of early termination of the professional relationship) and loyalty-building tools, in compliance with the Banking Group's remuneration and incentive policies. The voting rights attaching to the said shares have been suspended pursuant to section 2357-ter of the Civil Code.

The Shareholders' Meeting held on 23 April 2020 approved:

- > pursuant to Article 114-bis of TUF, the adoption of a Network Loyalty Plan for 2020 included in the Bank's 2017-2026 long-term Programme, aimed at the Bank's Financial Advisors authorised to make off-premises offers who do not serve in managerial positions (i.e., Financial Planners, Private Bankers, Financial Planner Agents, Executive Managers, Private Team Managers and Financial Planner Agent Managers) (the "**Financial Advisors**"), and at the Bank's Relationship Managers, including Heads of Teams ("**Relationship Managers**");
- > pursuant to Article 114-bis of TUF, the adoption of a long-term incentive plan called LTI Plan 2020, intended for executive directors, top managers and managers of Banca Generali S.p.A. and/or of companies of the Banca Generali Group;
- > the incentive system aimed at Key Personnel for 2020, which envisages settlement of a portion of the variable remuneration in shares, so as to enable a better alignment of the interest of Banca Generali Group's management and stakeholders through a careful management of company risks and the pursuit of long-term strategies.

The Framework Loyalty Program provides for the payment to the beneficiaries, upon the occurrence of certain vesting conditions on the maturity date, of a cash bonus, provided that the beneficiaries meet the access condition. It grants the Board of Directors the power to decide, during the financial year of reference of each Plan, whether to subject the payment of a part of the bonus, in any case not exceeding 50%, in shares to the approval of a Share-

holders' Meeting. With reference to the 2020 Loyalty Plan, the Board of Directors made use of this option, submitting the relevant proposal to the Shareholders' Meeting to pay a portion equal to 50% of the bonus in shares.

The terms, conditions and methods of the 2020 Loyalty Plan are described in the information document drafted pursuant to Article 84-bis of Consob Issuers' Rules, which has been made available to the public in the manner and within the terms established by applicable regulations, and has been published on the Company's website (www.bancageneral.com section "Governance/AGM").

The 2020 Plan provides for payment of a number of Shares or, instead of Shares, a substitute sum, directly linked to the achievement of given objectives, namely the performance indicators both at Banking Group and Generali Group level, as indicated in the letter of participation.

The terms, conditions and methods of the 2020 LTI Plan are described in the information document drafted pursuant to Article 84-bis of the Consob Issuers' Rules, which has been made available to the public in the manner and within the terms established by applicable regulations, and has been published on the Company's website (www.bancageneral.com section "Governance/AGM").

With regard to the Incentive System, it should be noted that it calls for a portion (25%) of the variable remuneration of Banca Generali Group's Key Personnel be disbursed through the free award of Shares according to the following allotment mechanism:

- a) 60% of the bonus will be disbursed up front, during the year after the year of reference, 75% in cash and 25% in shares;
- b) the payment of 20% of the bonus will be deferred by one year: 75% in cash and 25% in shares;
- c) the remaining 20% of the bonus will be deferred by two years: 75% in cash, and 25% in shares.

The shares shall be subject to a retention period of one year.

The terms, conditions and methods of the Incentive System are described in the information document drafted pursuant to Article 84-bis of the Consob Issuers' Rules,

which has been made available to the public in the manner and within the terms established by applicable regulations,

and has been published on the Company's website (www.bancagenerali.com section "Governance/AGM").

b) Restrictions on the Transfer of Securities (pursuant to Article 123-bis, paragraph 1, letter b) of TUF)

Apart from the current regulatory provisions on the ownership of shares in banks, as at the date of approval of this Report there are no other restrictions on the transfer of

shares in the Company, without prejudice to the one-year retention period contemplated under the Incentive System described above.

c) Significant interests in share capital (pursuant to Article 123-bis, paragraph 1, letter c) of TUF)

Shareholders holding more than 3% of the Company's share capital, directly and/or indirectly and including through third-party intermediaries, trust companies and subsidiaries, as per the Shareholders' Register and the no-

tices received pursuant to law, as well as other information available to the company, as at the date of approval of this Report, are indicated in Table 1 of Attachment sub 1) to this Report.

d) Securities bearing special rights of control (pursuant to Article 123-bis, paragraph 1, letter d) of TUF)

As at the date of approval of this Report, Banca Generali has not issued securities conferring special rights of con-

trol and has not adopted provisions in its Articles of Association allowing multiple voting or increased voting rights.

e) Employee share scheme: mechanism for the exercise of the voting rights (pursuant to Article 123-bis, paragraph 1, letter e) of TUF)

There are no special mechanisms for the exercise of voting rights of shares held by employees.

f) Restrictions on voting rights (pursuant to Article 123-bis, paragraph 1, letter f) of TUF)

There are no restrictions on voting rights. Pursuant to Article 10 of the Company's Articles of Association and Article 23 of the Rules adopted by the Bank of Italy and by Consob by Provision dated 22 February 2008, as further amended and extended, Shareholders with voting rights may attend the Meeting provided that:

- a) they can provide legal proof of their entitlement to vote;
- b) the notice from the intermediary responsible for keeping the accounts regarding the shares, in replacement of the deposit giving entitlement to attend the Share-

holders' Meeting, has been received at the Company's registered office by the end of the third trading day prior to the date set for the first call of the General Shareholders' Meeting, in accordance with Article 83-sexies, paragraph 4, of TUF, after the terms specified above, provided that it arrived within the start of the Shareholders' Meeting specifically called.

The voting rights attaching to treasury shares have been suspended (see letter a) above).

g) Shareholders' Agreements known to the Company (pursuant to Article 123-bis, paragraph 1, letter g) of TUF)

The Company is not aware of the existence of any significant shareholders' agreements within the meaning of Article 122 of TUF.

h) Change of control clauses (pursuant to Article 123-bis, paragraph 1, letter h) of TUF), and statutory provisions regarding takeover bids (pursuant to Articles 104, paragraph 1-ter, and 104-bis, paragraph 1 of TUF)

In 2020, there were no significant agreements that take effect, are amended or extinguished in the event of a change of control in the contracting company.

Previously, on 20 March 2018, Banca Generali signed, *inter alia*, with Generali Italia S.p.A. an insurance product distribution contract and with Assicurazioni Generali a licensing agreement, both containing change of control clauses. In this regard, reference is made to the detailed contents of the disclosure document drawn up in accordance with Article 5 of the “Regulations containing provisions relating to transactions with related parties” adopted with Consob Resolution No. 17221 of 12 March 2010, and subsequently amended by Consob Resolution No. 17389 of 23 June 2010, published on 27 March 2018 by the Issuer in accordance with the law and available for consultation on the Issuer’s

website under Governance/Corporate Documents/Related Party Transactions.

On 28 June 2019 and 19 December 2019, the Bank signed, respectively, an agreement for the provision of consultancy services with McKinsey & Company, Inc. Italy for the expansion project in Switzerland and an agreement for the outsourcing of critical important function FEI (i.e., IT Services) with Generali Shared Services S.c.ar.l.⁽²⁾, both containing change of control clauses.

The Articles of Association provide for no departures whatsoever from the passivity rule entrenched in Article 104, paragraphs 1 and 2, of TUF, and make no provision for the application of the neutralisation rules contemplated in Article 104-bis, paragraphs 2 and 3, of TUF.

i) Powers to increase the share capital and authorisation for the acquisition of treasury shares (pursuant to Article 123-bis, paragraph 1, letter m) of TUF)

The Board of Directors has not been empowered to increase the share capital within the meaning of Article 2443 of the Civil Code. The Board of Directors has not been vested with rights to issue participatory financial instruments.

Exclusively with the aim to provide the Company with the amount of shares needed to pay short- and long-term incentive (including compensation agreed upon in view of or in the event of early termination of the professional relationship) and loyalty-building tools, in compliance with the Banking Group’s remuneration and incentive policies, on 23 April 2020 the General Shareholders’ Meeting, within the meaning of Articles 2357 and 2357-ter of the Civil Code authorized the buy-back by Banca Generali of the acquisition of no more than 491,000 ordinary shares issued by Banca Generali S.p.A., of a nominal value of 1.00 euro each, as well as the disposal of the same, together with those acquired on the basis of previous authorisations to acquire treasury shares, subject to the following terms and conditions:

- a) the authorisation is limited to acquisitions to be effected for the purposes specified in the related Illustrative Report of the Board of Directors to the General Shareholders’ Meeting;
- b) the minimum purchase price of ordinary shares is not lower than the nominal value of the share, equal to 1.00 euro. The maximum purchase price does not exceed 5% of the reference price of the stock on the trading day preceding the day on which each buy-back is made; in any event, the Company purchased the aforementioned shares at a price not exceeding 28.125 euros per share, corresponding to the closing price of Banca Generali S.p.A.’s stock on 27 March 2020, prudentially increased by 50%;

- c) authorisation for buy-back was granted for eighteen months as of the date of approval of the Shareholders’ Meeting’s resolution, whilst authorisation for disposal was granted without any time limit whatsoever, and can be exercised in one or more tranches, in order to enable the achievement of the specified objectives;
- d) the purchases were carried out within the limits of distributable profits and unrestricted reserves, as per the latest duly approved financial statements;
- e) pursuant to Article 144-bis, paragraph 1(b), of Consob Issuers’ Rules, the treasury shares were purchased in accordance with the operating procedures set forth in the organisational and operating rules of the markets themselves, so as to ensure equal treatment for all Shareholders. Accordingly, the acquisitions were made exclusively, including in several tranches, on regulated markets organised and managed by Borsa Italiana S.p.A., pursuant to operating procedures established by the latter which do not allow for the direct matching of buy orders with pre-placed sell orders.

The same Shareholders’ Meeting also established that the treasury shares may be granted, in whole or in part, without any time limit whatsoever and free of charge, to the personnel identified by Banca Generali as falling within the category of Key Personnel pursuant to the applicable laws and regulations and those identified as Key Personnel by subsidiaries that are required to adopt specific remuneration policies in compliance with local and/or industry regulations, the beneficiaries of the 2020 Network Loyalty Plan and the beneficiaries of the long-term incentive plan called 2020 LTI Plan — provided that any and all regulatory requirements and conditions have been duly met –, as well as for the purposes of the payment of the variable component

⁽²⁾ It should be noted that the merger of Generali Shared Services S.c.ar.l. into Generali Operations Service Platform S.r.l. resulted in a subjective change of the outsourcer with effect from 1 January 2021; accordingly, the original contract remained in effect under the law without discontinuity.

of remuneration — provided that any and all regulatory requirements and conditions have been duly met — and the consideration agreed upon, in compliance with applicable legislation, in view or in the event of early termination of the professional relationship or the position held.

Lastly, the Shareholders' Meeting granted the Chief Executive Officer the power, with possible sub-delegation, to

identify the reserve funds to compose the negative item in equity, as contemplated under Article 2357-ter of the Civil Code. In accordance with legal provisions, as well as to also use treasury shares that, at present, are already held by the Company, for the purposes specified herein.

At 31 December 2020, the Company held 1,767,676 treasury shares.

I) Direction and coordination (pursuant to Article 2497 et seq. of the Civil Code)

Banca Generali is part of the Generali Group.

The Parent Company Assicurazioni Generali S.p.A. (“**Assicurazioni Generali**”) exercises direction and coordination over the Company pursuant to and within the meaning of Article 2497 et seq. of the Civil Code.

Assicurazioni Generali exercises its management and coordination powers by, *inter alia*, making recommendations to the Shareholders' Meeting of Banca Generali in respect of appointments to Banca Generali's Board of Directors; imparting instructions on the composition of the administrative organs of the Company and its subsidiaries; laying down the deadlines and procedures for drawing up the Generali Group's budget and strategic plan in general; issuing guidelines and instructions on the disclosure of operations and accounting information, in order to ensure the consistence, timeliness and correctness of the information disclosed by or regarding the Generali Group; issuing guidelines in respect of third parties, requiring certain categories of transaction to be subjected to prior authorisation from Assicurazioni Generali's Board of Directors.

It is hereby confirmed that the conditions provided for by Article 16, paragraph 1, the Consob Issuers' Rules, and it is specifically stated that:

- a) the disclosure obligations pursuant to Article 2497-bis of the Civil Code have been complied with;
- b) the company can autonomously negotiate with customers and;

- c) the Company has no centralised treasury accounts with the company that exercises centralised management or with other companies of the Generali Group, unless it is in the interest of the company;
- d) an audit and risk committee is in place, composed of independent directors only (Sec. 10) and a board of directors composed of a majority of independent directors (Sec. 4.2).

With regard to further information as per article 123-bis of TUF, it should be pointed out that:

- > the information to be disclosed pursuant to Article 123-bis, paragraph 1, subparagraph (i) (“*agreements between companies and directors, members of the control body or supervisory council which envisage indemnities in the event of resignation or dismissal without just cause, or if their employment contract should terminate as the result of a takeover bid*”) is contained in the section of the Report focusing on Directors' remuneration (Section 9), as well as in the 2020 remuneration and incentives report to be published pursuant to Article 123-ter of TUF⁽³⁾;
- > the information to be disclosed pursuant to Article 123-bis paragraph 1, subparagraph (l) (“*rules applying to the appointment and replacement of directors and members of the control body or supervisory council, and to amendments to the Articles of Association if different from those applied as a supplementary measure*”) is set forth in the section of the Report focusing on the Board of Directors (Section 4.1).

⁽³⁾ See specifically page 39 § 6.1.

3. COMPLIANCE (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER A), OF TUF)

Banca Generali was admitted for listing on the electronic share market (MTA) managed by Borsa Italiana S.p.A. in November 2006⁽⁴⁾, and on such occasion adopted the Corporate Governance Code, having determined that bringing its corporate governance system (and that is to say, the framework of rules, principles and procedures making up a company's management and internal control system) in line with the international best practices of business administration on which the Corporate Governance Code is based is a basic pre-requisite for achieving the Company's goals. These objectives in fact include not only the maximisation of value for shareholders and customer satisfaction, but also the quest for excellence in terms of the transparency of decision-making processes, the efficiency of internal control systems and the probity and rigour in related party and connected party transactions and/or transactions entailing a potential conflict of interests, as well as constant professionalism, probity and respect in all relationships with shareholders, customers and, in general, all the Company's stakeholders. In fact, the Company is aware that the ability to set efficient and effective operating rules is a key factor in reinforcing the perception of business reliability. With this purpose, the Board meeting on 25 September 2020 accordingly updated its own Internal Code of Conduct (the document is available

for consultation on the Issuer's website under "*Governance/Corporate Documents/Company Regulations*"). The Code sets out the minimum standards of conduct to be observed in relations with colleagues, customers, competitors, suppliers and other stakeholders. Therefore it contains, *inter alia*, explicit rules and principles relating to Corporate Social Responsibility, the promotion of diversity and inclusion, safety and health in the workplace, the protection of company assets, fair competition and antitrust and the fight against corruption and bribery.

The Corporate Governance Code is available to the public on the Corporate Governance Committee's website at: www.borsaitaliana.it/borsaitaliana/regolamenti/corporat-governance/codice2018clean.pdf.

As of the current reporting year, the Issuer will apply the provisions set forth in the new Corporate Governance Code, duly informing the market through the Corporate Governance Report to be published in 2022.

It is specified that neither the Issuer nor its subsidiaries are subject to non-Italian legislation affecting the Issuer's corporate governance structure.

⁽⁴⁾ As of 20 March 2017, Banca Generali was included in the FTSE MIB index.

4. BOARD OF DIRECTORS

4.1 Appointment and Replacement of the Board of Directors (pursuant to Article 123-bis, paragraph 1, letter I) of TUF)

Pursuant to Article 15 of the Articles of Association, the Company is managed by a Board made up of no less than seven and no more than 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 approving 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.

Board members must possess the legal requisites also, within the limits established by law, in terms of independence.

The provisions of the TUB and the related implementing regulations in force from time to time also apply to Banca Generali as an Italian bank, considering that the fitness of company officers plays a central role in the corporate governance structures of banking intermediaries, thus contributing crucially to the sound and prudent management of the intermediaries concerned. In particular, Article 26 of the TUB requires that the officers of banks be fit to perform their duties and charges the Ministry of the Economy and Finance with, *inter alia*, identifying, by decree adopted in consultation with the Bank of Italy, the fitness requirements and criteria that they have to meet, the limits on simultaneous positions that they may fill, the situations that entail temporary suspension from duty and the duration of such suspensions. Within this framework, the MEF Decree entered into effect on 30 December 2020, enacting a thorough, significant reform of the rules for the requirements of company officers that includes criteria for proper conduct (in addition to personal integrity requirements) and competence (in addition to professionalism requirements), as well as independence of judgement, adequate collective composition of boards, time committed and, for banks of greater size, the limits on simultaneous positions.

The provisions of the MEF Decree apply to boards elected after the date of entry into force of the Decree and therefore to boards to be elected in the 2021 shareholders' meeting season. In light of the foregoing, the Bank's officers who will be elected upon approval by the General Shareholders' Meeting of the financial statements ended 31 December 2020 will therefore be required to follow the new provisions of the MEF Decree, already incorporated into the *Fit & Proper Policy* adopted by Banca Generali on 23 February 2021 and in the *Recommendations on the Optimal Qualitative and Quantitative Composition of the Board of Directors* published on 23 February 2021 in view of the appointment of the new company boards.

Based on the foregoing, the Directors in office at the date of approval of this Report have been appointed in accordance with the regulatory framework of reference in force from time to time and thus selected on the basis of professional-

ism and competence criteria among persons having accumulated at least three years of working experience in: (i) administration or control activities or management tasks in companies; (ii) professional activities relating to the banking, financial, securities, insurance or other functional sectors of the bank's business; (iii) university teaching in legal or economic subjects; and (iv) administrative or managerial functions at public bodies or public administrations related to the banking, financial, securities or insurance sectors or at public bodies or public administrations that have no connection with the aforementioned sectors provided that the functions involve the management of economic and financial resources. The persons appointed as Chairman of the Board and Chief Executive Officer must have acquired at least five years' experience in the above fields and/or positions.

Moreover, pursuant to the provisions of Article 26 of TUB and Article 147-*quinquies* of TUF, Board members must meet the suitable integrity requirements.

It should finally be noted that five members of Banca Generali's Board of Directors in office have been found to satisfy applicable independence requirements, in accordance with the principles set forth in the Corporate Governance Code for listed companies (issued by Consob in Notice No. DEM/10078683 of 24 September 2010, and equivalent to the standards contemplated in Article 148, paragraph 3, of TUF) and pursuant to Article 16, paragraph 1, subparagraph (d) of Consob Rules on Markets.

Members of the Board of Directors are appointed on the basis of lists of candidates. Those shareholders who alone or in conjunction with other shareholders represent the percentage of share capital envisaged for the Company by current applicable regulations are entitled to submit a list. As established by Article 144-*quater* of the Consob Issuers' Regulation, this percentage is currently 1.00%. The appointment mechanism based on the so-called voting lists ensures transparency, as well as timely and adequate information on the personal and professional profiles of the candidates for directorships.

In order to ensure that the governing bodies 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, shall (i) define in advance the professional expertise required to achieve this result, (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 and (iii) verify that the outcome of the appointment process complies with the provisions on the optimal qualitative and quantitative composition, and (iv) subject the composition and functioning of the Board to periodic self-assessment. The results of the

above analysis *(i)* and *(ii)* 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.

Each Shareholder, as well as *(i)* Shareholders belonging to the same group, the latter term being defined to include the party, which need not necessarily be a corporation, exercising control within the meaning of Article 2359 of the Civil Code, and each subsidiary controlled by, or under the common control of the said party, or *(ii)* Shareholders who have entered into the same shareholders' agreement within the meaning of Article 122 of TUF, or *(iii)* Shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and/or regulatory framework, may submit, either on their own or jointly with other Shareholders, directly or through third party intermediaries, or trust companies, a single list of candidates, on pain of disqualification of the list. 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.

The lists submitted by shareholders must be filed at the registered office no later than twenty-five days prior to the date set for the Shareholders' Meeting in first call. Furthermore, the list will be available at the Company's registered office, on the corporate website and in any other forms required by applicable laws and regulations no later than twenty-one days prior to the date set for the Shareholders' Meeting in first call.

If the outgoing Board of Directors submits its own list, the Nomination, Governance and Sustainability Committee expresses an opinion on the appropriateness of the candidates proposed by the outgoing Board in exercise of its discretion. The list submitted by the outgoing Board must be lodged with the Company's registered office and published on its website, as well as using other means, no later than the deadlines imposed for such publication under applicable statutory and regulatory provisions. Within the term specified for the publication of the lists by the Company and in order to prove their entitlement to submit lists, shareholders shall file the documentation proving legal ownership of their shareholdings, in accordance with applicable laws and regulations, at the Company's registered office. Within the same term, shareholders who submitted the lists, shall also file at the Company's registered office: *(i)* information pertaining to the identity of the shareholders submitting the lists, with an indication of the percentage of share capital they jointly hold; *(ii)* exhaustive information on the personal and professional features of the candidates included in the list; *(iii)* a declaration by shareholders other than those who, even jointly, hold a controlling interest or relative majority stake, attesting the absence of associative relationships with the latter; *(iv)* the declarations filed by each candidate, in which each candidate accepts his/her nomination and also certifies, under his/her own responsibility, the inexistence of causes of incompatibility and of ineligibility, possession of the requisites of integrity and professionalism which prevailing laws require for the office of director of the Company, as well as those of independence, if applicable, provided

for by the law and by the codes of conduct promoted by companies managing regulated markets or by trade categories, to which the Company adheres.

Each shareholder (as well as *(i)* shareholders belonging to the same group, the latter being defined to include the party, which need not necessarily be a corporation, exercising control within the meaning of Article 2359 of the Civil Code, and each subsidiary controlled by, or under the common control of the said party, or *(ii)* shareholders who have entered into the same shareholders' agreement within the meaning of Article 122 of TUF as further amended, or *(iii)* shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and/or regulatory framework) have the right to vote only one list.

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 will be taken from other lists, not linked in any way, not even indirectly, with the shareholders who submitted or voted for the list which gained the highest number of votes, and to this end the votes obtained by said lists will subsequently be divided by one, two, three and so on, according to the number of directors to be elected. The ratios obtained in this way will be progressively assigned to the candidates of each of the lists, according to the respectively established order of said lists. The ratios thus attributed to the candidates of the various lists will be set out in a single decreasing list. In the event of votes being equal between two or more lists, the younger candidates will be elected until all the posts to be assigned have been filled.

Should at the end of voting it emerge that a sufficient number of independent Directors, within the meaning of applicable regulations, has not been elected, the director bearing the highest serial number in the list that obtained the greatest number of votes, and who does not meet the requirements of independence, shall be replaced by the next candidate on the same list, who does meet the said requirements. If necessary, this procedure shall be repeated until all the vacancies of independent directors on the Board, have been filled. Should it not be possible to cover all the vacancies on the Board, even after following the procedure mentioned above, the Shareholders' Meeting shall immediately proceed with the appointment of the remain-

ing directors, at the proposal of the shareholders in attendance and by resolution approved by simple majority.

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 thorough, formal review that the actual outcome of the appointment process corresponds to the qualitative and quantitative composition deemed optimal.

If during the term of office one or more Board members should leave office for whatever reason, they will be replaced according to the procedures established by law. If the leaving director was taken from the minority list that had obtained the greatest number of votes, replacement will occur with appointment of the first eligible candidate taken from the same list as the outgoing director and willing to accept office and belonging to the same gender or, where this is not possible, with the appointment of the first eligible candidate who is willing to accept office and belonging to the same gender, and taken, in serial order, from the list to which the first unappointed candidate belonged. The term of the replacement director shall expire together with the term of the directors in office at the time of the replacement Director's appointment to the Board.

Where it is not possible to proceed as described above, either because of too few candidates being presented on the lists or as a result of non-acceptance of appointments, the Board of Directors shall co-opt, within the meaning of Article 2386 of the Civil Code, a director selected by the Board in accordance with the criteria established under law. The director thus co-opted shall remain in office through to the next Shareholders' Meeting that shall either confirm or replace him following the ordinary procedures and with ordinary majorities, in departure from the list-based voting system mentioned in this Article 15.

The Board is also required to appoint a Secretary who need not necessarily be a Board member.

The rules set out in current legislation apply to changes to the Articles of Association.

Bearing in mind that Implementing Criterion 5.C.2 of the Corporate Governance Code leaves the decision of whether to adopt a succession plan for executive directors up to the discretion of the Board of Directors, on 15 December 2015, in accordance with Bank of Italy Circular No. 285 that states "*Plans for the orderly succession of top managers (chief executive officer, general manager) in the event of the expiry of their terms of appointment or for any other reason or cause whatsoever, must be formalised within large or operationally complex banks, with a view to securing continuity of operations and avoiding economic and reputational repercussions*", the Board of Directors adopted the Succession Planning Policy and the related Succession Plan.

In this regard, it is specified that the Board set out, preliminarily, in the aforementioned Policy, criteria and methods for identifying replacements for company members covered by succession planning.

Accordingly, the Succession Plan Policy establishes:

- (i) the methods of identifying replacements for the company members covered by the succession plan, if they

are absent or unable to perform their duties, temporarily or permanently;

- (ii) the methods of identifying potential replacements for the company members covered by the succession plan, if the individuals concerned resign;
- (iii) the company organs and other parties involved in preparing the succession plan;
- (iv) the methods and times according to which the succession plan is subject to revision;
- (v) the methods and times according to which succession is implemented.

In relation to aforementioned point (iii) the Board of Directors, with the support of the Nomination, Governance and Sustainability Committee, is the corporate body identified as being responsible for preparing the succession plan.

On 15 December 2015, the Board of Directors, with the support of the Nomination, Governance and Sustainability Committee, approved the Succession Plan Policy and the related Succession Plan for top managers.

In addition, the Board of Directors with the support of the Nomination, Governance and Sustainability Committee is vested with responsibility for periodically assessing the succession plan defined and making the appropriate changes to it, taking account of the Bank's specific business and organisational needs.

On its meeting of 14 December 2016, the Board of Directors reviewed the Succession Plan Policy, bringing it in line with the current corporate governance structure.

As a result of the Policy's revision in terms of succession planning, the Board of Directors, being aware that a succession plan provides continuity and certainty for business operations and for selecting the best possible replacements, allowing relevant decisions to be taken as part of a structured process, therefore carried out the annual review of the Succession Plan on 6 November 2018, 13 December 2019 and an additional more recent update on 17 December 2020 when it approved a Succession Plan for all positions reporting directly to the CEO, as well as for the Control Functions, in order to:

- > ensure that the natural processes for the changeover of key professional staff or personnel occupying roles of responsibility is managed appropriately;
- > safeguard business continuity in emergency situations;
- > place the business and its sustainability at the centre in terms of managerial continuity;
- > map the resources of value within the organisation, provide for their development in the short-medium term and ensure their loyalty.

More specifically the current Plan covers the following officers:

- > Chief Executive Officer;
- > General Manager;
- > Deputy General Managers;
- > First management line;
- > Heads of control functions.

The resolution was taken with the support of the Nomination, Governance and Sustainability Committee (and of the Internal Audit and Risk Committee only for the part

regarding control function succession), which carried out a prior examination and analysis of the content to be submitted for the Board of Directors' approval.

The Policy and the Plan are reviewed every year by the Board of Directors in order to ensure its long-term sustainability and effectiveness.

4.2 Composition of the Board of Directors (pursuant to Article 123-bis, paragraph 2, letter d), of TUF)

The Company's Board of Directors in office at the date of approval of this Report was appointed through the list voting system by the General Shareholders' Meeting held on 12 April 2018 and the term will end on the date of approval of the financial statements for the year ending 31 December 2020. In this regard, it is reported that the nomination of members was proposed to the aforesaid Meeting once their number (nine) had been determined and the period of office fixed.

The General Shareholders' Meeting of 12 April 2018 appointed the members of the Board of Directors based on two lists submitted respectively by the majority shareholder Assicurazioni Generali S.p.A. and several Undertakings for Collective Investment in Transferable Securities under the aegis of Assogestioni.

The majority list submitted by Assicurazioni Generali S.p.A. included the following candidates: Giancarlo Fancel, Gian Maria Mossa, Cristina Rustignoli, Azzurra Caltagirone, Annalisa Pescatori (independent), Anna Gervasoni (Independent), Massimo Lapucci (Independent), Giovanni Brugnoli (Independent), and Angelo Venchiarutti (Independent). Pursuant to Article 15 of the Articles of Association, the General Shareholders' Meeting elected as members of the Board of Directors the first 8 candidates included in the list submitted by Assicurazioni Generali S.p.A. with the favourable vote of 74.595% of the share capital represented and enjoying voting rights at the General Shareholders' Meeting, and the only candidate (Vittorio Emanuele Terzi) included in the list submitted under the aegis of Assogestioni with the favourable vote of 25.189% of the share capital represented and enjoying voting rights at the General Shareholders' Meeting.

The Board of Directors met after the conclusion of the General Shareholders' Meeting and confirmed Gian Maria Mossa as Chief Executive Officer.

Thus at present, 8 of the current Directors have been elected from the list submitted by the majority shareholder that has received the highest number of votes and 1 has been taken from the list that is not linked, even indirectly, with the shareholders who had submitted or voted for the list that received the highest number of votes.

In the composition of the current Board of Directors, account was also taken of Law No. 120/2011 (as well as the guidelines contained in Section IV, Chapter 1, Heading IV

of aforementioned Bank of Italy Circular 285 and Article 123-bis, paragraph 2, letter d-bis) of TUF), reserving a higher quota (4 Directors) than that required by legislation (a third of members of the less represented gender).

Table No. 2 contained in Annex 2 to this Report indicates the members of the Board of Directors, the office covered as at 31 December 2020 and other information concerning them and their attendance at the meetings of the Board and the Committees set up, as well as, in accordance with the provisions of the Corporate Governance Code, evidence of the number of directorships and auditorships that Banca Generali's administrative body members have notified that they cover in other companies listed in regulated markets (including foreign), in financial, banking and insurance companies and large corporations.

In order to ensure that the Board 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, shall: (i) define in advance the professional expertise required to achieve this result, (ii) define in light of the bank's characteristics, 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). The results of the above analysis have been submitted to the shareholders' attention in a timely manner so that the process of selecting and appointing candidates could take account of such indications. Moreover, upon the conclusion of the process of appointing company bodies, the Board of Directors (with the advisory support of the Nomination, Governance and Sustainability Committee) checked that the actual result of the appointment process corresponds to the qualitative and quantitative composition deemed optimal.

The procedures for the appointment of the Board of Directors are regulated under Article 15 of the Articles of Association, which provide for, *inter alia*, an adequate gender balance, achieved via a replacement mechanism, where necessary, as detailed in paragraph 4.1. In adopting the purposes and objectives set forth in Law No. 120/2011⁽⁵⁾ (so called "Pink Quota Law") and in light of a substantial equality that promotes gender balance and better access to board member positions of the under-represented gender, the Board of Directors established — in its report concerning the ideal qualitative and quantitative composition of

⁽⁵⁾ It should be noted that the provisions of the 2020 Budget Law governing gender balance within the bodies of listed companies became effective on 1 January 2020, amending Articles 147-ter, paragraph 1-ter, and 148, paragraph 1-bis, of TUF, introduced by Law No. 20 of 12 July 2011 (the so-called "Golfo-Mosca Law"). These provisions will be applicable "effective the first renewal of the governing and control bodies of the companies listed on regulated markets following the date of entry into force of this Law", and, therefore, with regard to Banca Generali, the new rules shall apply starting from the renewal of the listed companies' corporate bodies that are scheduled for financial year 2021. The current text of Articles 147-ter, paragraph 1-ter, and 148, paragraph 1-bis, of TUF requires at least two-fifths of the members elected to be of the less represented gender. Nonetheless, pursuant to Article 144-undecies.1, paragraph 3, of the Rules for Issuers, where the application of gender division criteria does not result in an integer number of members of the administrative or control body belonging to the less represented gender, this number is rounded up, except for the company bodies made up of three members, for which the rounding takes place by default to the lower unit.

the Board drawn up for the meeting convened on 12 April 2018 to appoint the new Board members — to ensure that at least one third of members belongs to the less represented gender as required by law in force upon appointment. In addition, the aforementioned report defined the professional requirements that directors must possess, laying down additional features and professional requirements for the position of Chairman of the Board of Directors and the Chief Executive Officer, as described in greater detail in paragraph 4.1.

With regard to the composition of the Board of Directors — given that Banca Generali is subjected to management and coordination by another Italian company whose stock is listed for trading on regulated markets — pursuant to Article 16, paragraph 1, letter d) of the Consob Rules on Markets, the Board of Directors is made up of a majority (i.e., five) of Independent directors within the meaning of the aforementioned rules.

Pursuant to Article 36 of Decree Law No. 201/2011, as converted into Law No. 214/2011, the Board of Directors has also verified, in respect of each Director, that there were no grounds of incompatibility upon their appointment. In this regard, the governing body's members are required to annually renew the attestation that they do not hold positions in the management, supervision and control bodies in enterprises or groups of competing enterprises so that the Board can carry out its own annual assessment. For the current year, in view of the election of the new Company Boards by the Shareholders' Meeting called to approve the Financial Statements for the year ended 31 December 2020, this verification will be performed once the new members of the Board of Directors have been appointed.

Summary information on the personal and professional profiles of the Company's Directors is provided below, with an indication, as recommended in paragraph 1.C.2 of the Corporate Governance Code, of the directorships and auditorships held by the same in other companies listed on regulated markets, including overseas, as well as in large companies other than Group companies.

Giancarlo Fancel. Born in Portogruaro (Venice) on 26 September 1961. After graduating in Economics from the University of Trieste, and becoming a chartered accountant and certified auditor, he started his professional career in Reconta Ernst & Young, where he gained proven experience in the auditing field (1988-1999). In 1999, he joined the Generali Group as Head of Internal Audit, filling several positions and lastly becoming Head of Group Management Control. From January 2007 to April 2014, he held the position of Deputy General Manager, Joint General Manager and Chief Financial Officer of Banca Generali. From May 2014 to February 2021 he was Chief Financial Officer of Generali Italia and the Country Italy, as well as Chairman of G.B.S. S.c.p.A. and Director of MyDrive Solutions Limited, Generali Jeniot S.p.A., Generali Welion S.c.ar.l., CityLife S.p.A., Residenze CYL S.p.A., Alleanza Assicurazioni S.p.A. and Generali Investments Holding S.p.A. He is currently Chairman of Genagricola S.p.A., Agricola San Giorgio S.p.A, Leone Alato S.p.A. and BG Fund Management Luxembourg S.A. He has been Chief Risk Officer of Assicurazioni di Generali S.p.A. since 1 March 2021. Since 23 June 2016, he has been Chairman of the Board of Directors of Banca Generali S.p.A.

Gian Maria Mossa. Born in Milan on 8 November 1974. After graduating in Economics and Commerce, he gained a significant experience in RAS, first in the Risk Management & Asset Allocation sector, and later within the Sales and Marketing Departments. In 2006, he joined Banca Fideuram as Manager of Products Development. He held roles of increasing responsibility until being appointed Head of Marketing, Sales and Private Development Department, directly reporting to the CEO. He joined Banca Generali in 2013 as Joint General Manager and in April 2016 he was appointed General Manager. Since 20 March 2017 he has been Chief Executive Officer and General Manager of Banca Generali. He currently holds the position of Vice President of CSE s.c.ar.l. and member of the Board of Directors of Assoreti.

Cristina Rustignoli. Born in Monfalcone (Gorizia) on 11 February 1966, she graduated in Law from the University of Trieste. In 1999, she was licensed to practice law. After working at Cassa di Risparmio di Gorizia (now included in Intesa Sanpaolo), in 2000, she joined Banca Generali where she held roles of increasing responsibility until becoming Central Manager, responsible for the Governance Area of the Banking Group. She is currently General Counsel of Generali Italia, Country Italy and of the Global Business Lines of Assicurazioni Generali, Chair of the Board of Directors of Generali Jeniot S.p.A, and Managing Director of Generali *Business Solutions*, Director of Alleanza Assicurazioni, Genertel S.p.A., GenertelLife and Generali Welion, and, since 23 June 2016, Non-executive Director of Banca Generali.

Giovanni Brugnoli. Born in Busto Arsizio (Varese) on 24 January 1970, he has always been actively engaged in entrepreneurial associations, in the Employers' Association of the Province of Varese, in which he was Vice President of the Young Entrepreneurs Group from 1999 to 2001 and President from 2001 to 2004, member of the Association's Board of Directors since 1999, member of the Executive Committee since 2001, Vice President from 2007 to 2011, and President from 2011 to 2015. Since 2011 he has been a member of the General Council of Confindustria. Since May 2016 he has been Vice President of Confindustria per il Capitale Umano. He is currently Chairman of the Board of Directors of Tiba Tricot S.r.l. and of Palatino S.r.l. and sole shareholder of Tiba immobiliare S.r.l., companies all belonging to the Brugnoli Group. He is also a member of the Board of Directors of Cofiva S.p.A., as well as of Promindustria S.p.A., both of which belong to the Gruppo Unione Industriali di Varese. Since 2009, he has been a member of the Board of Directors of the Association for LIUC and since 2010 a member of the Managing Board of the University Carlo Cattaneo LIUC. He is Chairman of the Board of Directors of Industria e Università S.r.l. and Iniziativa Universitaria 1991, a member of the Board of Directors of Anemotech and of Previmoda Fondo Pensione, as well as a non-executive and independent member of the Board of Directors of Banca Generali since April 2012.

Azzurra Caltagirone. Born in Rome on 10 March 1973, after receiving a degree in Art History in London, she began her career in 2000 at the Caltagirone Group, as Deputy Chair of Caltagirone Editore, a position she continues to fill today. She is currently Deputy Chairman of Caltagirone S.p.A., as well as of Cementir Holding N.V., Chief Executive Officer of *Il Messaggero* and Chair of *Il Gazzettino*. She sits on the boards of directors of Cementir Holding, oth-

er Caltagirone Group companies and Fondazione Musica per Roma. She has been a non-executive director of Banca Generali since June 2016.

Anna Gervasoni. Born in Milan on 18 August 1961, she graduated with honours in Economics at the Bocconi University in Milan. She is currently a tenured professor of Economics and Business Management at the University Cattaneo — LIUC. At the LIUC business school she is responsible for the “Master in Merchant Banking and Private Capital” and for the Centre of Finance for Development and Innovation. She is also a member of the Board of Directors of the LIUC. She is General Manager of AIFI, the Italian Private Equity, Venture Capital and Private Debt Association, and Chair of AIFI Ricerca e Formazione S.r.l. She is an Independent Director of Banca Generali S.p.A. and Generfid S.p.A., a Banca Generali Group company. In addition, she serves as Independent Director of the listed companies Sol S.p.A. and Lu.Ve S.p.A. A chartered accountant and auditor, she has published a large number of papers on finance for development.

Massimo Lapucci. Born in Rome on 22 November 1969, he graduated in Economics at the La Sapienza University in Rome. After gaining extensive experience working in international management consulting firms, mainly in the banking and corporate finance sectors, among other things, he was Investment Director at “Sintonia S.A.” and M&A and Strategic Planning Manager at Ferrovie dello Stato Group. Currently, he is Secretary General of “Fondazione CRT” in Turin. He holds the same position at Fondazione Sviluppo e Crescita — CRT, focused on venture philanthropy and impact investing, and is also General Manager of OGR-CRT, an international centre for innovation, business accelerator and contemporary culture. He has been an independent Director of Banca Generali since April 2015 and also has extensive experience on advisory boards and boards of directors in Europe and America, and at non-profit organisations. At international level, he served as Chairman of the European Foundation Centre in Brussels. He is also Deputy Chairman of ISI Global Science USA for big data and of Agenda Social Impact per l’Italia. Since 2006 he has been a World Fellow and lecturer at Yale University, USA.

Annalisa Pescatori. Born in Rome on 20 July 1964, Annalisa Pescatori is Equity Partner of the law firm Grimaldi Studio Legale. After graduating *magna cum laude* in Law through the “La Sapienza” University of Rome in 1988, she was admitted to bar in 1991 in Italy and obtained her licence to practice before the Italian Supreme Court in 2015. She is enrolled in the Milan Bar of Lawyers. In 1985, she earned a Diploma in Japanese Language and Culture through the Rome-based Italian Institute for the Middle and Far East (ISMEO). She has been serving as an independent Director of Banca Generali S.p.A. since April 2015. Before joining Grimaldi Studio Legale, she was Equity Partner at the Milan-based law firm Studio Tonucci from 2012 to 2014, and from 2002 to 2011 at the law firm Studio Legale Grimaldi e Associati. She acquired experience as a practicing lawyer with the law firms Clifford Chance and Studio Bonelli e Associati. From 1991 to 1996, she was employed at IMI-Istituto Mobiliare Italiano S.p.A., as legal counsel to the Corporate Finance Department, and on staff of the Deputy General Manager for Finance and the Finance and Equity Holdings Department.

Vittorio Emanuele Terzi. Born in Gravina di Puglia (Bari) on 16 August 1954, he graduated in Mechanical Engineering in 1979 and worked briefly at the EEC Environment Directorate in Brussels before joining Citibank in 1980 where he focused on wholesale banking and international project financing for 5 years. In 1985, he joined McKinsey & Company where was appointed Partner in 1990 and Director in 1996. In 1988 he managed the opening of the new offices in Rome. From 2004 to 2011, he was Managing Partner of McKinsey & Company’s Mediterranean Complex. In 2014, he founded the consultancy firm Terzi & Partners which specialises in advising corporations and financial institutions on business strategy, M&As, corporate finance, and governance. He has been an independent director of Banca Generali S.p.A. since April 2015 of Value Italy S.p.A. and Generali Italia S.p.A. In addition, he is Past President of the American Chamber of Commerce in Italy, and Senior Advisor at BC Partners and Collier Capital.

Carmelo Reale ⁽⁶⁾ serves as Secretary to the Board of Directors.

Carmelo Reale. Born in Catania on 15 August 1976, he has been General Counsel to Banca Generali since September 2020, in addition to serving as Secretary of the Board of Directors. He also coordinates sustainability initiatives involving the Group through the Group Sustainability service. He graduated with a degree in law from LUISS Guido Carli University in 1999. Before joining the Generali Group, he gained considerable professional experience in Italy and abroad, working at major international firms in Milan, London and the USA, where he primarily practised banking and financial law. In 2013, he became Head of Group Strategic Legal Affairs at Assicurazioni Generali, assisting with the M&A, capital markets and bancassurance in which the Generali Group was involved. Then, in 2017, he became Group General Counsel and member of the Global Management Committee of the Europ Assistance Group in Paris, where he also serves in various management positions with the main insurance companies of the Europ Assistance Group. He is admitted to the bar both in Italy and the State of New York.

Diversity criteria and policies

Subject to the legal and regulatory provisions current from time to time, Banca Generali’s Board of Directors, on 1 March 2018, adopted the “Diversity Policy for Members of Company Bodies” (the “**Policy**”), most recently updated on 23 February 2021 in view of the election of the new boards at the Shareholders’ Meeting called to approve the financial statements for the year ended 31 December 2020.

Banca Generali recognises and reaps the benefits of diversity at the level of the Banking Group and its Company Boards, in all respects, including gender, age, qualification, competencies, training and professional background.

Accordingly, the Policy formally establishes the criteria and tools adopted by Banca Generali to ensure an adequate level of diversity of its company bodies, in accordance with the Diversity Policy adopted by the Generali Group and in compliance with applicable legislation,

⁽⁶⁾ Appointed Secretary to the Board of Directors, in place of Domenica Lista, with effect from 15 September 2020.

including regulatory and corporate governance-related legislation, the Articles of Association, the provisions of the *Fit & Proper Policy* adopted by Banca Generali and internal regulations.

The Policy formally lays down the criteria and methods of implementation currently adopted by Banca Generali to ensure an adequate level of diversity and inclusion among members of Company Bodies, with the aim of, *inter alia*: (i) fostering dialogue and discussion within the bodies; (ii) facilitating the emergence of various approaches and perspectives in analysing issues and taking decisions; (iii) effectively supporting 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.

Banca Generali has always placed great emphasis on diversity and inclusion issues, regardless of the obligations imposed by primary legislation. In this regard, it should be noted that four members of the Board of Directors are of the less represented gender (more than required by legislation applicable for the year of election of the new corporate bodies in office).

Lastly, it should also be noted that Banca Generali promotes activities and initiatives aimed at developing and enhancing diversity and inclusion in terms of gender and age, also with regard to senior managers and middle managers.

Limit on positions at other companies

“Rules Regulating the Proceedings of Meetings of the Board of Directors of Banca Generali S.p.A.” The “Rules on the Functioning of the Board of Directors of Banca Generali S.p.A.” (the “**Board Rules**”), which were approved by the Board of Directors at their meeting on 16 February 2007 and amended on 1 March 2018 in accordance with section 1.C.3 of the Corporate Governance Code and Article 15, paragraph 3, of the Articles of Association,

establish the maximum number of company positions (7) a Director of the Company may hold. Such indications are summarised in the following table and take the following into account: (i) the different degree of a director's commitment in relation to the position held, (ii) the nature and size of the company in which the position is held, and (iii) whether the company is part of the Issuer's group or of a same group.

	LISTED COMPANIES			FINANCIAL, BANKING OR INSURANCE COMPANIES			LARGE CORPORATIONS		
	EXECUTIVE DIRECTOR	NON-EXECUTIVE DIRECTOR	STATUTORY AUDITOR	EXECUTIVE DIRECTOR	NON-EXECUTIVE DIRECTOR	STATUTORY AUDITOR	EXECUTIVE DIRECTOR	NON-EXECUTIVE DIRECTOR	STATUTORY AUDITOR
Executive Directors	-	5	-	-	5	-	-	5	-
Non-executive Directors	2	5	2	2	5	2	2	5	2

The Board of Directors' Rules also envisage that 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 the Company's Group, with the exception of corporations listed on regulated markets (including abroad), financial institutions, banks, insurance companies and large corporations. Appointments to the corporate organs of several companies belonging to a single corporate group, other than the Company's Group, are, in practice, generally considered as a single appointment, with the exception of corporations listed on regulated markets (including abroad) or large corporations (Article 5.4 of the Board of Directors' Rules).

As provided for by Implementing Criterion 1.C.3 of the Corporate Governance Code, the table below hence indicates the number of offices in the aforesaid companies covered, at the date of approval of this Report, by each Director based on criteria indicated in the Board of Directors' Rules as well as, in accordance with the format for preparing the corporate governance report and ownership structure, a full list of the administration and control positions that members of Banca Generali's administrative body have notified that they cover in other companies listed in regulated markets (including foreign companies), in financial, banking, insurance companies or large corporations.

⁷⁾ The MEF Decree, whose provisions — including those regarding the limits on simultaneous offices — apply to boards elected after the date of entry into force of the such decree, entered into effect on 30 December 2020. In the light of the above, as of the date of the election of the new company bodies scheduled for the General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2020, the Bank's officers will be required to follow the new provisions of the MEF Decree: the current stipulations of the Board of Directors' Regulations on this subject will thus be reviewed in the light of the new provisions introduced by the MEF Decree, already incorporated into the *Fit & Proper Policy* adopted by Banca Generali and in the *Recommendations on the Optimal Qualitative and Quantitative Composition of the Board of Directors* published on 23 February 2021 in view of the appointment of the new company bodies.

NAME	FULL LIST OF OFFICES COVERED BY BANCA GENERALI DIRECTORS IN OTHER COMPANIES LISTED IN REGULATED MARKETS (INCLUDING FOREIGN), IN FINANCIAL, BANKING OR INSURANCE COMPANIES AND/OR LARGE CORPORATIONS		STATUTORY AUDITOR	COMPANIES BELONGING TO THE ISSUER'S GROUP		NUMBER OF SIGNIFICANT OFFICES ACCORDING TO THE CRITERIA SET OUT IN THE BOD RULES	TOTAL
	EXECUTIVE DIRECTOR	NON-EXECUTIVE DIRECTOR		YES	NO		
Giancarlo Fancel <i>Chairman</i>	-	-	-	-	-	-	-
Gian Maria Mossa <i>Chief Executive Officer and General Manager</i>	-	1) CSE Consorzio Servizi Bancari Società Consortile a responsabilità limitata	-	-	1) X	1	1
Giovanni Brugnoli <i>Non-executive Director</i>	-	-	-	-	-	-	-
Azzurra Caltagirone <i>Non-executive Director</i>	1) Caltagirone S.p.A. 2) Caltagirone Editore S.p.A.	3) Cementir Holding NV 4) Aalborg Portland Holding AS	-	-	1) X 2) X 3) X 4) X	4	4
Cristina Rustignoli <i>Non-executive Director</i>	1) Generali Business Solutions S.c.p.A.	2) Alleanza Assicurazioni S.p.A. 3) Genertel S.p.A. 4) GenertelLife S.p.A.	-	1) X 2) X 3) X 4) X	-	4	4
Anna Gervasoni <i>Non-executive Director</i>	-	1) SOL S.p.A. 2) LU-VE S.p.A. 3) Generfid S.p.A.	-	3) X	1) X 2) X	3	3
Massimo Lapucci <i>Non-executive Director</i>	-	1) Caltagirone S.p.A.	-	-	1) X	1	1
Annalisa Pescatori <i>Non-executive Director</i>	-	-	-	-	-	-	-
Vittorio Emanuele Terzi <i>Non-executive Director</i>	-	1) Generali Italia S.p.A. 2) Value Italy SGR S.p.A.	-	1) X	2) X	2	2

Induction Programme

All Company Directors are fully aware of the duties and responsibilities attaching to their office and actively participate in initiatives designed to help them deepen their knowledge and grasp of Company operations and dynamics, so as to enable them to make fully informed decisions.

In accordance with paragraph 2.C.2. of the Corporate Governance Code, the Chairman of the Board of Directors ascertained that the Directors and Auditors, after their appointments and throughout their office, participate in initiatives aimed at providing them with an adequate knowledge of the business sector in which the Issuer runs its activity, the corporate dynamics and the relevant evolutions, as well as the applicable regulatory framework.

In this regard, in compliance with Bank of Italy Circular No. 285 and the aforementioned provisions of the Corporate Governance Code, the Bank has informed the Directors of the meetings held by the Trade Associations concerning matters regarding banking activity and Corporate Governance. The Chairman also convened the Board of Directors informally to discuss and examine topics of particular interest considered to be strategic for the Company's and the banking group's development.

In addition to the ordinary meetings, these sessions allowed company bodies to gain further knowledge of the

Bank's business, and thus to provide better informed and more incisive support for management of that business in view of the subsequent Board resolutions.

Induction meetings, at which the Board of Statutory Auditors was always present, provided an important opportunity for dialogue between management — including company control functions, depending on the subject discussed — and members of company bodies.

The following three induction sessions were held in 2020: (i) on 10 January 2020, an induction session was held to present and examine some balance sheet initiatives; (ii) on 12 May 2020 a session took place focused on some reflections regarding the first phase of the Covid-19 health emergency in order to assess the challenges posed by the emergency at the level of the entire sector and region; and (iii) finally, on 24/27 November 2020, an induction session was held to examine issues relating to development of several strategic projects and to cryptocurrencies.

During these sessions, the Board was thus able to examine and analyse collegially, *inter alia*, the most significant aspects of the Bank's strategic development objectives, so that all the possible indications and suggestions of Directors and Auditors could be acknowledged and finalised.

4.3 Role of the Board of Directors (pursuant to Article 123-bis, paragraph 2, letter d), TUF)

The Board of Directors plays a central role in the Company's corporate governance system.

The Board of Directors, charged with strategic supervision, is vested with full powers of ordinary and extraordinary management of the Company. It has the authority to resolve on all matters pertaining to the corporate purpose that are not reserved to the exclusive competence of the Shareholders' Meeting. The Board is the only corporate organ empowered to pass resolutions on: the setting up or closure of secondary offices; appointment of the Board members vested with powers of corporate representation and signature; mergers in the cases permitted under law; and the amendment of the provisions of the Articles of Association that may be incompatible with new imperative regulatory requirements.

In accordance with Article 1, paragraph 1.C.1., letters (a), (c) and (f) of the Corporate Governance Code, Article 18 of the Articles of Association invests the Board with broad decision-making powers susceptible of significantly impacting the life of the Company and the Group, including, in particular, the power to define the general operating guidelines and approve the Company's strategic, industrial and financial plans, as well as transactions that could have a significant impact on the Company's equity or economic or financial position, including transactions with Related and Connected Parties; the power to define the Company's general organisational layout, approve and amend internal rules and regulations, as well as set up advisory or coordinating committees or commissions.

In detail, pursuant to the Articles of Association, save in the emergency situations contemplated in Article 18, paragraph 9 of the same, the Board alone is vested with decision-making powers in respect of: (a) establishing the general management policies, approving the Company's strategic, industrial and financial plans and the transactions of considerable economic, equity and financial importance, including with Related and Connected Parties; (b) appointing, when it sees fit, a General Manager, Joint General Managers and Deputy General Managers, assigning their relative powers and deciding upon their retirement; (c) appointing the Internal Auditor, after having heard the opinion of the Board of Statutory Auditors; (d) appointing the Compliance Manager, after having heard the opinion of the Board of Statutory Auditors; (e) upon hearing the Board of Statutory Auditors, the appointment and dismissal of the Manager in charge of the company's financial reports, the determination of the powers and resources thereof, as well as the supervision of the tasks carried out by the same and monitoring of actual compliance with administrative and accounting procedures; (f) authorising company representatives fulfilling administration, executive and supervisory roles to perform transactions or assume obligations of any kind with the Company or to carry out direct or indirect sales and purchases; (g) purchasing or selling shareholdings that cause changes in the Banking Group or controlling or associative shareholdings; selling companies and/or company business lines; entering into agreements pertaining to joint ventures or strategic alliances; (h) approving the or-

ganisational structure and any and all amendments to internal rules and policies; (i) 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; (l) carrying out checks to ensure that the system of information flows is adequate, complete and timely; (m) drawing up guidelines for the recruitment and internal placement of Company managers; (n) creating committees or commissions with control, advisory, recommendatory or coordination functions, also for the purpose of ensuring that corporate governance complies with prevailing recommendations on the matter, establishing the components, duration, powers and authority of said committees or commissions at the time they are set up; (p) ongoing monitoring to ensure that the system of information flows amongst company bodies is adequate, complete and timely; (q) approving related party and connected party transactions, in accordance with the provisions set forth in the procedure adopted by the Company in compliance with applicable regulations governing such transactions.

The Board of Directors may approve highly significant related party transactions, even in disregard of the contrary advice of the independent auditors, provided that the transactions in question are authorised by the Shareholders' Meeting, within the meaning of Article 2364, paragraph 1 (5), of the Civil Code, pursuant to a resolution passed with the majorities contemplated in applicable regulations, and in accordance with the procedure adopted by the Company with regard to related and connected party transactions. With respect to transactions that could have a significant impact on the Company's equity, capital or financial position, the Board of Directors adopted a special regulation (Procedure for Related Party and Connected Party Transactions and Transactions of Greater Importance) that defines the general criteria for their identification and a specific authorisation process, which, in accordance with the regulatory provisions in force, also involves the Risk Management function which has to provide prior opinion. In general, the following transactions are identified as transactions of Greater Importance: (i) the issuance of financial instruments; (ii) the granting of personal guarantees and collateral on behalf of subsidiaries; (iii) the granting of loans to subsidiaries, real-estate investments and divestments, the acquisition and sale of equity investments, companies or business lines; (iv) mergers or demergers; (v) other transactions, the value of which is higher than 2.5% of the consolidated regulatory capital, which do not fall within the ordinary activities of the Bank and are not carried out at or near market conditions.

The Board of Directors of the Bank, in its capacity as Parent Company of the Banking Group, is also assigned exclusive competence over resolutions concerning 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 compa-

nies and for implementing the instructions issued by the Bank of Italy in the interest of group stability.

Finally, pursuant to the current regulatory framework governing companies providing investment services, the Board of Directors is tasked with drawing up corporate policies, measures, processes and procedures aimed at containing risks and ensuring financial stability, as well as sound and prudent management. The Board of Directors is consequently in charge of: (i) identifying the objectives, strategies, risk profile, and tolerance thresholds of the Bank and the guidelines for the internal control system, by defining corporate risk management policies within the Risk Appetite Framework - RAF and by determining the corporate policies; it periodically checks its correct implementation and its consistency with business developments and the associated risks, paying special attention to the adequacy and effectiveness of the Risk Appetite Framework and the compatibility between actual risk and the risk appetite; (ii) ensuring that the remuneration and incentive system does not increase company risks and is consistent with the RAF and with long-term strategies; (iii) with respect to the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP), defining and approving the general outline of the process, ensuring its consistency with the Risk Appetite Framework and promoting full use of results for strategic purposes and business decisions; (iv) ensuring that the strategic plan, Risk Appetite Framework, ICAAP, budget and internal control system are consistent with one another, considering the development of the external and internal conditions in which the Company operates; (v) approving, at least annually, the plan of activities and checking the reports of the control functions on the activities carried out; (vi) in compliance with the Remuneration Policies approved by the Shareholders' Meeting and with regard to company executives, entering into, amending and terminating the employment contracts of individual employees, as well as making decisions regarding the promotion, subjection to disciplinary measures and dismissal of the same; (vii) identifying and periodically reviewing the strategic guidelines and risks management policies relating to money laundering and financing of terrorism in a manner appropriate to the level and type of risks to which the Company Bank is actually exposed; (viii) ensuring, on an ongoing basis, that tasks and responsibilities concerning anti-money laundering and countering of the financing of terrorism are clearly and appropriately allocated, making sure that operational and control functions are separated and have qualitatively and quantitatively adequate resources; as well as approving education and training programmes for employees and collaborators.

Moreover, the "Board Rules" provide, *inter alia*, that:

(i) pursuant to Article 1, paragraph 1.C.1 (c) of the Corporate Governance Code, the Board is bound to evaluate the appropriateness of the organisational, administrative and accounting layout of the Company and its strategic subsidiaries, with particular reference to the internal control and risk management system, in light of the information received from the competent corporate organs (Article 8.2 of the Board Rules). The Board periodically deliberates on the bank's organisational structure and assesses the functions aimed at guaranteeing the accurateness

and efficiency of the bank's administrative and accounting system;

- (ii) pursuant to Article 1, paragraph 1.C.1 (c) of the Corporate Governance Code, the Board is bound to evaluate the appropriateness and effectiveness of the internal control and risk management system, taking due account of the Company's features and risk exposure. In this regard, the Board: (a) defines 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; moreover, through the approval of the Risk Appetite Framework, it also determines the degree to which such risks are compatible with management of the Company consistent with the strategic goals identified, on both an annual and a multi-year basis; (b) assesses, with at least annual frequency, the adequacy of the Internal Audit and Risk Management System with respect to the Company's characteristics and the risk profile assumed, as well as the effectiveness of the System (Article 8.3 of the Board Rules). It approves the policies and regulations governing the functioning of the control functions, approves regulations on the management of the main risks to which the Group is exposed and the policy on conflicts of interest of the Banking Group that establishes procedures for handling such conflicts;
- (iii) the Board is bound to assess general management trends, with special emphasis on potential conflicts of interests and, periodically comparing results against expectations, in accordance with the provisions of Article 1, paragraph 1.C.1., letter e) of the Corporate Governance Code. The Board periodically assesses the Company's and the Group's operations, compares the results with budget forecasts and analyses any differences;
- (iv) since the Company is also the Parent Company of the Banking Group, the Company's Board is further vested with decision-making powers in respect of the acquisition and disposal of participating interests, as well as the policies for the coordination and management of Group companies and compliance with Bank of Italy instructions, with a view to ensuring the stability of the Group. The Board approved Group Rules that establish guidelines for interaction and information flows among Group companies.

In addition, pursuant to the Banca Generali Internal Regulation, the Board also takes decisions regarding the approval and revision of the Recovery Plan.

Article 18 of the Articles of Association further empowers the Board to delegate its powers, in accordance with Article 1, paragraph 1.C.1. letter d) of the Corporate Governance Code, subject to the obligation binding especially any and all such delegates, to report to the Board of Directors, as well as the Board of Statutory Auditors, at least quarterly, in respect of the management trends and business activities of the Company and its subsidiaries, expected future developments, transactions susceptible of exerting a significant impact on the equity, economic and financial situation of Banca Generali and its subsidiaries, with specific reference to the transactions in which either the Company's Directors or third parties have an interest, or transactions influenced by the party exercising management and coordination powers over the Company, and decisions pertaining to lending policies.

Finally, in accordance with the Corporate Governance Code and surveillance regulations, the Board of Directors' Rules also establishes that the Board:

- > prior to the appointment of each new Board of Directors, or in the event of the co-option 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;
- > 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;
- > 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.

Functioning of the Board of Directors

Article 17 of the Articles of Association establish that the Board of Directors meet, as a general rule, on a monthly basis.

On 16 February 2007, in order to ensure that the Board's operating procedures comply with the principles entrenched in the Corporate Governance Code and the supervising instructions issued by the Bank of Italy, the Board approved the Board of Directors' Rules, amended at the Board Meeting held on 1 March 2018.

The above-mentioned Regulations establish, *inter alia*, that:

- (i) pursuant to Article 1, paragraph 1.C.2, of the Corporate Governance Code, without prejudice to the causes for ineligibility and disqualification, as well as limits on simultaneous offices established in laws and regulations, appointments to Board may only be accepted after the appointees have determined that they are in a position to devote the time required to ensure the diligent performance of their tasks and duties as Board members, also in light of their professional activities, the number of directorships or auditorships they may hold within other corporations listed on regulated markets (including abroad) and in financial institutions, banks, insurance companies and large corporations, as well as their other professional activities (article 5.2 of the Board Rules)⁽⁸⁾;
- (ii) 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 advance of the date of the Board meeting (Article 4.2 of the Board Rules). In this regard, the latest version of the Rules, approved by the Board of Directors on 1 March 2018 in order to further improve the distribution of documentation prior to board meetings, introduced a new procedure for making documents available in view of board meetings based on the nature of the documentation itself; this

procedure follows these principles: ordinarily, 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 (one) calendar day prior to the scheduled date of the meeting;

- (iii) even if management decisions have already been determined, guided or in any event influenced by a person or party exercising management and coordination powers in respect of the Company or by persons or parties acting pursuant to a shareholder agreement, each Board member shall be bound to exercise decision-making powers in total autonomy and independence, making decisions that are reasonably likely to result — as a priority objective — in the creation of value for shareholders, in the medium-to-long term (Article 7 of the Board Rules);
- (iv) pursuant to Article 1, paragraph 1.C.1, letter g), of the Corporate Governance Code, 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 factors such as the professional characteristics, experience, including managerial experience, and nature of its members, as well as their length of service, and the adequacy and effectiveness of the provisions set forth in the Board of Directors' Rules (Article 10 thereof).

The Board meetings are held periodically and, in general, once a month in compliance with the statutory requirements and pursuant to a schedule of works defined on an annual basis. In 2020, the Board of Directors met 15 times. On average, the meetings lasted approximately 3 hours. In the year underway, a total of 14 Board meetings are scheduled; from the beginning of the year to the date of this Report, 4 have been held.

The attached table 2, annex *sub 2*), provides information on the attendance of Directors at the Board meetings held in 2020. Absentee Directors provided justification for non-attendance.

In accordance with the Board Rules and to encourage the development of mechanisms for the flow of information amongst and within company bodies aimed at achieving management efficiency and control effectiveness, the information flows involving company bodies are regulated by a specific internal company circular letter, approved by the Board of Directors. The aforesaid Circular lays down the timetable, procedures and contents of the information to be provided to the corporate bodies in question, and identifies the persons and parties bound to submit appropriately exhaustive reports on a periodic basis and/or upon request. The formal rules governing the structure of information flows (in particular towards the Board of Directors and Board of Statutory Auditors) officially establish the

⁽⁸⁾ It should be noted that this stipulation of the BoD's Regulations, in the current formulation, will be reviewed in accordance with the new provisions introduced by the MEF Decree, already incorporated into the *Fit & Proper Policy* adopted by Banca Generali and in the *Recommendations on the Optimal Qualitative and Quantitative Composition of the Board of Directors* published on 23 February 2021 in view of the appointment of the new company bodies.

consolidated reports already in use at the bank, which are typically systematic and well organised in terms of form and content. These reports satisfy the necessity of providing a timely flow of information to the Board with regard to the exercise of powers delegated. They are revised on an ongoing basis as necessitated by legislation or operations.

The preferred method for ensuring a flow of information towards Directors and Statutory Auditors is by making written documents available in a timely manner, especially reports, explanatory notes, memoranda, presentations, reports prepared by the bank's organisational units, other public and non-public documentation and accounting documentation intended for publication. The information reported through the procedures set forth above shall be supplemented (and where necessary for reasons of confidentiality, replaced) by oral explanations provided to the Chairman, the Chief Executive Officer or members of the Bank top management, either at Board meetings or at informal gatherings open to Board members and members of the Board of Statutory Auditors, organised for the specific purpose of allowing the latter to discuss and acquire deeper insight into issues of interest in terms of the Bank's operations.

Apart from matters over which the Bank's Board of Directors is vested with exclusive powers of decision and approval pursuant to law and the Articles of Association, reports to the members of the Board of Directors and the Board of Statutory Auditors shall focus primarily on: (i) general business performance and foreseeable developments, with an indication of departures from previous forecasts; (ii) activities undertaken, with specific reference to transactions that could have a particularly significant impact on the company's balance sheet, income statement and/or cash flow, related and connected party transactions, and atypical, unusual or innovative transactions, and the risks associated with each of the above; (iii) the internal control system and the level of Bank's exposure to all significant types of risk; (iv) the performance of the products placed and the relevant returns; (v) the performance of lending activities; (vi) the performance of the bank's investing activities; (vii) any and all other activities, transactions or events deemed worthy of the attention of the Board of Directors and the Board of Statutory Auditors.

As an additional contribution to the promotion of methods for circulating information among the Company Bodies with the aim of achieving management efficiency and control effectiveness, at its first meeting of 2013, the Board adopted a digital application (recently updated during 2020) aimed at ensuring the secure distribution of digital documents to the members of Banca Generali Board of Directors and Committees, through iPad, tablets and PC platform. The application general features enable the exchange of documents without e-mails and printing on paper, while ensuring maximum security and confidentiality of the documents on the Board's agenda. In fact, (i) all communications to and from devices are encrypted, (ii) the authentication process involves the use of Personal Identification code (PIN), (iii) all documents on the devices (iPad, tablets, and/or PC) are encrypted and (iv) the documents cannot be retrieved and consulted without the application and the security key (in case the device is lost or stolen).

In keeping with the duties attributed to the Board by the Articles of Association and the supervisory regulations governing banks' activity in Italy, the Board of Directors, in addition to the tasks described in the different sections of this Report, performed, amongst other things, the following functions in the meetings held:

- a) deliberated periodically on the organisational structure of the Company and its functions that provide their services to the entire banking group of which the Company is the parent;
- b) examined general business trends, on a quarterly basis, especially in light of information received from the Chief Executive Officer and General Manager, as well as carried out quarterly comparisons of results achieved against expectations and forecasts.

The meetings of the Board of Directors may be held by telephone or video conference and the Deputy General Manager participate in Board of Directors' meetings based on the topics on the agenda that fall into their remit and pertain to their role. Where the Chairman sees fit to do so, including upon the request of one or more directors, the executives of the Company and those of companies belonging to the banking Group who are in charge of company functions competent with respect to the subject matter concerned participate in meetings of the Board of Directors in order to provide the appropriate further clarification regarding items on the agenda.

With regard to Banca Generali subsidiaries, in order to ensure that effective and efficient management and control systems are in place also at consolidated level, all the companies of the banking group ⁽⁹⁾ are currently closely integrated with the Parent Company.

This integration is evident in:

- (i) the ownership structure, as the subsidiaries' share capital is fully owned by Banca Generali S.p.A. or Banca Generali S.p.A. holds a majority interest thereof;
- (ii) the composition of the governing and control bodies of the subsidiaries, whose members include various officers of the Parent Company with a view to ensuring that the latter's guidelines are effectively and efficiently imparted so as to allow for sound business administration without jeopardising the decisional autonomy of subsidiaries, whilst also providing for a uniform level of care, caution and concern in assessing risk-containment mechanisms and the system of checks and balances. Joint meetings of the Boards of Statutory Auditors of Italian group companies are periodically held so as to keep risks in check;
- (iii) the organisational, administrative and accounting layout, as well as the control system adopted for the subsidiaries, featuring the centralisation of certain key functions within the Parent Company.

In its capacity as Parent Company and as part of its powers of direction and coordination as per the Civil Code, and specifically in Articles 59 et seq. of TUB and Title I, Chapter II, of Bank of Italy's Circular No. 285, Banca Generali discharges, in respect of the subsidiaries belonging to the Banking Group, the management and coordination functions related to the administration of the Group as a whole, determining and imparting instructions on how best the

⁽⁹⁾ It should be noted that as of 1 July 2020 the merger of the two companies Nextam Partners S.p.A. and Nextam Partners SGR S.p.A. into Banca Generali S.p.A. became effective. Therefore, the Banking Group is currently made up of the Parent company, Banca Generali S.p.A., as well as of subsidiaries Generfid S.p.A., Nextam Partners SIM S.p.A., Nextam Partners Ltd. under liquidation, BG Valeur S.A. and BG Fund Management Luxembourg S.A.

common business purpose is to be pursued by all the individual operating units comprising the Group, whilst ensuring the autonomy of each of the companies belonging to the Banking Group. Given that, under the sector-specific regulations in question, the Parent Company is to serve as the point of reference for the Bank of Italy with regard to all supervisory issues at Group level, appropriate organisational structures have been set up to ensure the implementation of and monitoring of ongoing compliance with Bank of Italy instructions and provisions within all Group companies.

Self-assessment

In line with the reference regulatory requirements, and, as provided by the internal procedure regarding the self-assessment process codified in Annex 2 of the Board of Directors' Rules, Banca Generali's Board, with the support of the external professional Egon Zehnder — appointed as an independent expert for the entire three-year period of office (having provided, in this sense, differentiated procedures in the three years⁽¹⁰⁾) —, carried out the annual self-assessment for 2020 on the functioning of the Board and its Committees, as well as on their size and composition (also known as the Board Review).

The self-assessment process was carried out from October 2020 to January 2021. In detail, all nine serving Directors and the Chairman of the Board of Statutory Auditors (who shared the self-assessment process with the two other Acting Auditors) took part in the Board Review with the aim of carrying out a structured review of the effectiveness of Banca Generali's Board and Committees in operating terms and identifying the opportunities for further improvement, to optimise its planning and control role for a complex and continually evolving organisation. In addition, since this is the end-of-term Board Review, the process also involved circulating and emphasising various indications that were subsequently incorporated into the *Recommendations on the Optimal Qualitative and Quantitative Composition of the Board of Directors* approved and published on 23 February 2021, suitably in advance of the publication of the Notice of Calling of the Shareholders' Meeting called to re-elect the company bodies.

The Board Review was conducted through:

- (i) completion of a structured questionnaire based on the Bank's particular features and organised with the aim of gathering opinions about the functioning of the Board and its Committees;
- (ii) direct interviews, to evaluate the individual contribution of each Director (in line with the recommendations of Borsa Italiana's Corporate Governance Committee, most recently with the letter of 22 December 2020 already brought to the attention, *inter alia*, of the Board and its Committees).

An analysis of corporate governance best practice (including international) has also been carried out on the functioning of the Board of Directors and a comparison made with the practices adopted by Banca Generali's Board.

On 1 February 2021, Egon Zehnder sent the document containing an analysis of the results, the actions proposed and Directors' comments (together with the questionnaire's analytical document in an anonymous and aggregate format indicating the graphically presented self-assessment results produced by the questionnaires), as well as the indications in view of the preparation of the *Recommendations on the Optimal Qualitative and Quantitative Composition of the Board of Directors*. In this regard, the aforesaid document indicates: (a) the methodology and process followed; (b) the persons involved; (c) the evidence that emerged, illustrating the strengths and the areas for potential improvement.

The self-assessment process has revealed a positive picture. In keeping with the previous self-assessment, the Directors have expressed complete satisfaction and appreciation with, *inter alia*, the size, composition, functioning of Banca Generali's Board of Directors and the Board Committees, as well as the training initiatives organised for the Board during the year, also seizing the opportunity to express the wish of an ongoing in-depth analysis of several topics of particular interest in strategic terms. According to the independent expert's evaluation, the Board is therefore operating in substantial compliance with the Corporate Governance Code and best market practice.

In addition, all Directors consider the current structure of the Board Committees to be adequate and likewise appreciate the organisation and contribution made by the Committees to the Board of Directors, underscoring, in view of the election of a new administrative body, the recommendations — subsequently incorporated in the *Recommendations on the Optimal Qualitative and Quantitative Composition of the Board of Directors* — that (i) sustainability profiles and principles be adapted transversally across the areas of responsibility of all Board Committees for further analysis and supplementation of the sustainability profiles in each discussion (while maintaining the responsibilities currently assigned to the Nomination, Governance and Sustainability Committee) and (ii) a new Board Committee be added with investigation, advisory and propositional functions in the area of lending to provide further support to the Board of Directors in assessing lending applications, *i.e.*, through calibration of delegation of powers, expressing an advance opinion in support of subjects not within the Board's purview. All Committee members have therefore renewed their positive assessment of the role and functioning of the Committees and the support received from the units of Banca Generali in duly discharging their duties.

⁽¹⁰⁾ More specifically, the overall board review was pre-defined as follows: (i) self-assessment at start of term — with comprehensive analysis scope on size, composition, functioning of the Board of Directors — aimed at identifying the areas of possible improvement for the following years; (ii) mid-term follow-up focussed on critical areas and on the main activities carried out by the Board of Directors during the year; (iii) end of term board evaluation aimed at providing indications on the qualitative and quantitative profile of the next Board of Directors.

4.4 Delegated organs

The Board of Directors has granted executive powers to the Chief Executive Officer, Gian Maria Mossa.

Chief Executive Officer

Pursuant to Article 18, paragraph 6, of the Articles of Association, the Board of Directors may, within the limits imposed under law and the Articles of Association, delegate non-exclusive powers to one or more Chief Executive Officers, establishing the powers and term in office of the same.

The Board of Directors met on 25 September 2020 and vested the Chief Executive Officer Gian Maria Mossa with the following powers (updating the powers already assigned to him on 12 April 2018):

Organisation and general functions

1. implementing any and all Board resolutions;
2. supervising the Company's organisational structure;
3. elaborating the strategic guidelines set by the Board of Directors, implementing the Board's resolutions and organising the activities of the organisational units according to functional criteria based on the separation of duties that permit simultaneous and ex-post controls and, in any event, the determination of individual responsibilities;
4. implementing and ensuring the efficacy of the internal control and risk management system defined by the Board of Directors;
5. at the behest of the relevant company functions, where applicable, to examine and issue opinions on any and all transactions and business to be submitted for approval to the competent decision-making organs;
6. coordinating the Company's communications strategies, enhancing the Company's public image and managing the press and media relations;
7. liaising with any and all Public Administration bodies, the Bank of Italy, Consob, as well as any and all national and international entities and organisations;
8. representing the Company at the shareholders' meetings of other companies and entities, exercising all the related rights and issuing all the related proxies for participating in the said general meetings;
9. setting up, transferring or shutting down secondary offices, representative offices and branches;
10. concretely implementing the provisions of subparagraphs (h), (i), (l) and (p) of Article 18 of the Articles of Association;
11. forwarding to the Board of Directors the proposals and recommendations regarding the strategic plan, the annual budget and the draft financial statements of the Company and the consolidated financial statements drawn up by himself in his capacity as the Chief Executive Officer upon proposal by the General Manager;
12. exercising any and all powers conferred on him by the Board of Directors on an *ad hoc* or ongoing basis.

Finance

1. making decisions concerning proprietary investment, within the decision-making limits established by the Company's Finance Rules and the Process Limits and Escalation Regulation in force from time to time;
2. submitting to the Board of Directors proposals concerning proprietary investments in excess of the decision-making limits set for the Chief Executive Officer;
3. ensuring the Company's assets and financial resources meet any and all applicable regulatory requirements;
4. further delegating one or more of the powers and tasks mentioned in the foregoing points, establishing, in advance, the limits to the powers thus delegated.

Commercial

1. approving investments in new products, the distribution of new products or services or the launch of new activities, and entering into, amending and terminating the related contracts and/or mandates and/or agreements on behalf of the company and agreements for the placement of banking, financial and insurance products and/or services, within the limits of the budget approved by the Board of Directors and according to its directives;
2. in accordance with the provisions of the Remuneration and Incentive Policy in force from time to time, defining the remuneration policies of financial advisor networks within the budget limits approved by the Board of Directors;
3. resolving disputes regarding fees up to 700,000.00 euros;
4. authorising exceptions for customers to standard economic conditions;
5. further delegating one or more of the powers and tasks mentioned in the foregoing points, establishing, in advance, the limits to the powers thus delegated.

Lending and banking operations

1. granting discounts, facilities, allowances, to customers;
2. approving loans within the limits imposed from time to time under Lending Rules adopted by the Company;
3. forwarding proposals for loans that exceed the limits of his powers to relevant decision-making organs in accordance with Lending Rules, and processing any and all related deeds and documents;
4. as limited to use of the Company's accounts for transactions relating to (i) supply arrangements for goods and services, (ii) arrangements with individuals, and (iii) arrangements with legal persons outside SEPA, undertaking all transactions drawing on the Company's accounts and in particular making withdrawals in general, writing, where necessary, the related cheques or equivalent instruments drawn on cash balances according to the following methods and limits:
 - a. by single signing authority, for transactions up to 100,000.00 euros;
 - b. by joint signing authority with either a Head of Department/Area or the Deputy General Manager; for amounts in excess of 100,000.00 euros.

Transactions relating to the following are excluded from the above methods and limits:

- > intragroup arrangements;
- > arrangements with banks, insurers, brokers and asset management companies;
- > arrangements with clearing houses;
- > arrangements included in the “accounts payable process”;

which are subject to the limits and methods established by internal regulations in effect from time to time;

5. in case of transactions of up to the threshold of 100,000.00 euros, net of interest and expenses, processing and authorising the transfer of credit positions to bad loans, waiving totally or partially any loan granted, with the consequent waiver of any and all guarantees acquired, as well as issuing any and all authorisations for the cancellation, subrogation, restriction, reduction and/or postponement of mortgages and/or liens and/or guarantees in rem, acting depending on: the full exhaustion of any and all avenues of recourse for obtaining relief either individually or together with other creditors, or the lack of cost-effectiveness of legal action for debt recovery in consideration of the economic and financial situation of the debtors or the out-of-court settlement of disputes to Company's satisfaction;
6. taking as losses the charges incurred by the company due to employee errors up to a maximum of 100,000.00 euros by single signing authority per transaction and by joint signing authority with the General Manager or with the Markets and Products Wealth Management General Manager or with the Head of the CFO & Strategy Area where the General Manager and Chief Executive Officer coincide, up to 150,000.00 euros, in addition to formulating the powers of the Heads of Areas/ Departments relating to the management of booking of losses due to employee error;
7. foreclosing loans and collecting any and all monies or amounts due to the Company, issuing full redemptory receipt thereof;
8. endorsing and issuing receipt for any and all securities, including, regardless of form, bills of exchange, cheques, money orders, securities and the like, as well as bills of lading and other deeds representing documentary credit, and equity and debt securities, and any and all other financial instruments and commercial paper in general;
9. within the limits of delegated powers and with prior approval of the decision by the relevant corporate organ, underwriting loans, agreements for the rendering of any and all types of banking services, financing, exemptions from liability in the case of the loss, theft and/or destruction of securities and cheques, personal guarantees, including performance bonds, payment bonds, suretyships, and commitments to honour bills of exchange;
10. to issue demand drafts;
11. executing cash withdrawals and advance notices of cash withdrawals on management accounts held with the Bank of Italy, and on the centralised treasury accounts mentioned in the Bank of Italy form 144 dir.;
12. signing all transactions provided for in Bank of Italy forms 146 and 147 relating to, among other matters, cash deposits to and withdrawals from the Bank of Italy, protests of cheques with clearing systems and inter-bank payment systems;

13. further delegating one or more of the powers and tasks mentioned in the foregoing points, establishing, in advance, the limits to the powers thus delegated.

Human Resources

1. in accordance with the Generali Group's processes and procedures, proposing the appointment of members of the administrative bodies of subsidiaries of Banca Generali;
2. determining and orienting human resources management policies, within the framework of the guidelines established by the Board of Directors;
3. in harmony with the provisions on the Remuneration and Incentive Policy approved by the company, to authorise the stipulation, amendment and termination, on the company's account, of agency contracts with Financial Advisors authorised for off-premises offers, agreeing in general the relevant economic agreements in accordance with the remuneration policy of the Financial Advisor networks, within the limits of the budget approved by the Board of Directors;
4. overseeing the management, selection, development and training of the Company's human resources;
5. within the framework of the pre-established budget and in compliance with Remuneration Policies approved by the General Shareholders' Meeting, entering into, amending and terminating the employment contracts of individual employees other than company executives, as well as making decisions regarding the promotion, disciplinary measures and dismissal of the same;
6. within the framework of the budget set and in accordance with the Remuneration Policies approved by the Shareholders' Meeting, reporting to the Board of Directors and signed jointly with the General Manager or the Head of the HR Department, where the General Manager coincides with the Chief Executive Officer, entering into, amending and terminating individual contracts with executive personnel, with the exception of Key Personnel, while also proposing promotions, disciplinary measures and dismissals;
7. managing relations with union organisations, of both employers and workers, including by entering into agreements with them in the name and on the account of the Company and representing the Company before union organisations and in labour disputes at a union level;
8. undertaking all transactions and making all declarations to public and private authorities and entities, and in particular social-security entities and institutions or other entities, as part of the management of human resources;
9. carrying out all actions and transactions, with public administrations, entities and offices, within the scope of the responsibilities assigned to him, as necessary to obtain concessions, licences and authorisations generally that should be entered;
10. further delegating one or more of the powers and tasks mentioned in the foregoing points, establishing, in advance, the limits to the powers thus delegated.

As employer:

1. appointing the company physician responsible for health check-ups;

2. identifying in advance the workers responsible for implementing measures relating to fire prevention and firefighting, evacuation of the workplace in the event of an extreme and immediate danger, rescue, first aid and emergency management in general;
 3. assigning tasks to workers, in a manner that reflects their abilities and health and safety conditions;
 4. providing workers with the requisite appropriate individual protection equipment, in consultation with the head of the prevention and protection service and the company physician;
 5. taking appropriate measures to ensure that only workers who have received adequate instructions and specific training have access to areas that expose them to a severe, specific risk;
 6. demanding that individual workers comply with applicable legislation and company rules regarding workplace health and safety, the use of collective protective measures and the individual protective equipment made available to them;
 7. sending workers for medical check-ups by the deadlines set in the health supervision programme and demanding that the company physician comply with the pertinent obligations;
 8. informing the company physician promptly of termination of employment of workers subject to health monitoring;
 9. adopting measures for monitoring situations of risk in the event of an emergency and directing workers, in the event of a severe, immediate and unavoidable danger, to leave their work stations or the area exposed to the danger;
 10. informing workers exposed to a severe, immediate danger as soon as possible of the risk in question and the protective measures taken or to be taken;
 11. discharging obligations to provide information and training pursuant to Articles 36 and 37 of Legislative Decree 81/2008;
 12. refraining from asking workers to resume activity in a working situation in which a severe, immediate danger continues to exist, except where justified by the need to protect health and safety;
 13. allowing workers to verify the application of health and safety protection measures through workers' safety representatives;
 14. preparing the document (the Consolidated Interference Risk Assessment Document or "DUVRI") set out under Article 26 of Legislative Decree 81/2008;
 15. promptly providing the workers' safety representative, where requested by the said representative for official purposes, with a copy of the documents set out under Articles 26 and 28 of Legislative Decree 81/2008 and allowing the representative access to accident data;
 16. issuing appropriate instructions to prevent the technical measures adopted from causing risks to the health of the population or degrading the external environment by periodically verifying the ongoing absence of risk;
 17. using telecommunications systems to report to INAIL (Italian National Institute for Insurance against accidents at work), and, through INAIL, to the national workplace accident prevention database within 48 hours of receipt of the medical certificate, for statistical and informational purposes, data and information regarding workplace accidents that entail an absence from work of at least one day, not including the day of the event and, for insurance purposes, those regarding workplace accidents that entail an absence from work of more than three days, according to the conditions set out in Legislative Decree 81/2008;
 18. consulting the workers' safety representative where so provided and in accordance with the said representative's responsibilities;
 19. taking the requisite measures for fire prevention and evacuation of the workplace and for situations of severe, immediate danger, in accordance with Article 43 of Legislative Decree 81/2008. Such measures must be appropriate to the nature of the activity, the size of the Company or production unit and the number of persons present;
 20. calling the periodic meeting in accordance with Article 35 of Legislative Decree 81/2008;
 21. updating the preventative measures to reflect changes of organisation and production that are relevant to workplace health and safety, or to reflect changes in the state of the art of prevention and protection;
 22. informing INAIL of the identities of newly elected or designated workers' safety representatives;
 23. monitoring that workers subject to health supervision obligations are not given specific working assignments without being duly found to be fit for service;
 24. providing the prevention and protection service and the competent physician with the information set out in Article 18, paragraph 2, of Legislative Decree 81/2008;
 25. supervising the fulfilment of the obligations incumbent on supervisors, workers, designers, manufacturers and suppliers, installers and the company physician, without prejudice to the sole responsibility of the obligated parties if failure to discharge the said obligations is solely their fault and the employer has not failed to provide appropriate supervision;
- all in accordance with and application of Legislative Decree 81/2008, as subsequently amended and extended, it being understood that the above list is provided for illustrative purposes only, with all requisite subdelegate spending authority.

Legal

1. representing the Company, bringing, defending and resisting legal action at any and all instances and degrees, before any and all national, Community or foreign ordinary, administrative and taxation courts, including appellate jurisdictions, and with the right to retain and dismiss counsel, making filings and motions, lodging complaints and claims, as well as withdrawing the same, authorising appearance as the injured party in criminal proceedings, initiating insolvency proceedings, in addition to proceeding at arbitration and filing claims and/or settling all the foregoing initiatives — in the latter case by single signing authority up to the maximum amount of 700,000 euros per dispute, and without limits by joint signing authority with the General Manager and/or General Counsel — without prejudice to the provisions set forth in respect of lending;
2. representing the Company before public authorities, including supervisory authorities, whether Italian or international, signing reports concerning inspections by public officials for controls of any kind, with the power to make objections, render declarations, make reservations, provide clarifications and further information,

within the framework of the responsibilities assigned to him;

3. representing the Company before all trade associations, including non-union associations, with the power to pass related resolutions;
4. taking decisions regarding disputes initiated by third parties, including complaints lodged by customers up to 200,000 euros.

Administration

1. signing, on the behalf and in the name of the Company, any and all ordinary correspondence and deeds pertaining to the exercise of the powers assigned;
2. within the framework of the budget approved by the Board of Directors, seeing to the current expenses of the company within the limits assigned to him, and in any event by single signing authority up to 700,000 euros per transaction and up to 1,000,000 euros by joint signing authority together with the General Manager or the Markets and Products Wealth Management Deputy Manager;
3. within the framework of the approved budget and up to the threshold of 700,000.00 euros for each individual asset, acquiring, disposing of, bartering real estate and personal property, including those subject to registration, collecting amounts due by way of prices and delegating, in whole or in part, the payment thereof, as well as the power to authorise payment by instalments with or without mortgage guarantees or hypothecation;
4. within the framework of the approved budget, negotiating all the terms and conditions of and entering into, amending and terminating lease agreements and tender agreements, as well as agreements for rental, maintenance, supply, insurance, carriage, loan for use, security and transport services for cash and cash equivalents, brokerage, intermediation, advertising, agency and deposit services, as well as entering into commitments for the supply of tangible assets, the acquisition of intangible assets, and the procurement of services rendered by third parties or consultants or other professionals, up to the ceiling of 700,000.00 euros per transaction; in the case of multi-year transactions the aforesaid ceiling shall apply on a per annum basis, provided that the said multi-year transactions do not extend over more than 3 years, save in the case of finance leases and/or loans for use, and further provided that the aforesaid thresholds shall not apply to contracts with ordinary utilities companies providing essential services (electricity, telecommunications, etc.) and the payments required pursuant to law;
5. entering into agreements and commit the Company to expenditure in connection with advertising and/or promotional initiatives and/or co-marketing and meeting initiatives up to the ceiling of 700,000.00 euros per individual supply or provision of services;
6. entering into all legal acts required to file trademarks, patents and distinctive signs with the competent administrative authorities;
7. representing the Company before any and all offices of the Financial Administration and effecting any and all tax filings and related formalities; resisting tax assessments and audits and settling tax disputes, in the latter case up to the maximum amount of 700,000.00 euros;
8. delegating to third parties, who need not necessarily be

Company employees, the completion of specific tasks or categories of tasks that fall within the scope of the powers conferred on him pursuant to the foregoing points, establishing, in advance, the limits to the powers thus delegated.

The above powers are exercised within the framework of the guidelines and budget conditions established by the Board of Directors and will be revoked at the end of his term in office as Chief Executive Officer.

Pursuant to article 22 of the Articles of Association, the Chief Executive Officer is vested with full powers to represent and sign on behalf of the Company in respect of any and all the powers vested in him.

Furthermore, in compliance with current regulations governing the provision of investment services, in light of his delegated powers and pursuant to the guidelines approved by the Board of Directors, the Chief Executive Officer is in charge of:

- > implementing the corporate policies, strategic guidelines, Risk Appetite Framework and business risk governance policies defined by the Board of Directors, within the operational limits established by the latter, and with the contribution of the risk management function;
- > monitoring on a continuous basis the implementation of the risk management process, ensuring its consistency with the risk appetite and risk governance policies, taking into account the changes in operating conditions both inside and outside the Bank;
- > facilitating the development and spread at all levels of the Bank of an integrated culture of risk;
- > ensuring the information flows, as defined by the Board of Directors, aimed at ensuring that the corporate bodies and control functions are informed of the most relevant management events, including ensuring full knowledge and governability of risk factors and verification of compliance with the Risk Appetite Framework;
- > planning the actions necessary to ensure, on an ongoing basis, the completeness, adequacy, functionality and reliability of the internal control system, monitoring compliance with it on an ongoing basis;
- > implementing any necessary corrective actions if deficiencies or anomalies come to light with regard to the tasks and duties of company structures, on the basis of information received from the Board of Directors;
- > ensuring that all the staff concerned are given timely notice of corporate policies and procedures;
- > overseeing the implementation of the process to approve investments in new products, the launch/distribution of new activities, products or services or entry into new markets, preparing the necessary adaptations;
- > ensuring the ongoing implementation of processes for the assessment of corporate activities, with specific regard to financial instruments;
- > implementing the Internal Capital Adequacy Assessment Process (also referred to as ICAAP), ensuring that it is in line with the strategic policies, the Risk Appetite Framework and the guidelines drawn up by the Board of Directors and meets the requirements imposed under the prudential supervisory provisions for banks;
- > implementing the Internal Liquidity Adequacy Assess-

ment Process (also referred to as ILAAP), ensuring that it is in line with the strategic policies, the Risk Appetite Framework and the guidelines drawn up by the Board of Directors, and meets the requirements imposed under the prudential supervisory rules for banks;

- > with specific reference to credit and counterparty risks — in line with the strategic guidelines established by the Board of Directors — approving specific guidelines designed to ensure both the effectiveness of the system for managing risk mitigation techniques and compliance with the general and specific requirements of such techniques;
- > ensuring the implementation of the company's policy for the outsourcing of business functions;
- > ensuring that the internal procedures, responsibilities and corporate structures and functions are defined, implemented and updated in order to avoid the unintentional involvement in money laundering and financing of terrorism; in this area, his other duties include defining the reporting procedure for suspicious transactions and other procedures aimed at ensuring the timely discharge of disclosure obligations to the authorities provided for in legislation governing money laundering and financing of terrorism; defining the information flows aimed at ensuring that risk factors are known by all corporate structures involved and the bodies with control responsibilities; approving training and education programmes for employees and external staff;
- > ensuring that the information system is complete, adequate, effective, efficient and reliable and, in the event of anomalies, taking action with the service outsourcers so that they carry out the necessary corrective actions; furthermore, taking timely decisions in the event of serious IT security events or significant malfunctions, reporting information to the Board of Directors;
- > promoting the development and periodic monitoring of the Business Continuity Plan and its update when significant organisational, technological and infrastructure changes occur (as well as if any gaps or deficiencies are identified or new risks occur); approving the annual audit plan of business continuity measures and examining the test results report; reporting to the Board of Directors on the above matters;
- > authorising the assumption by employees of positions or functions at other companies, after consulting the Nomination, Governance and Sustainability Committee;
- > authorising the setting up, transfer and closure of branches, representative offices and secondary offices;
- > ensuring that the Recovery Plan is drafted and updated, monitoring the crisis indicators identified in the Plan, with the support of the Risk Management Department, and, if a crisis situation is declared, overseeing and coordinating management of the crisis and implementation of the recovery and reporting measures envisaged in the Recovery Plan, with support from the Management Committee.

On at least a quarterly basis, the delegated bodies will report to the Board of Directors and to the Board of Statutory Auditors on management performance and on the activities performed by the Company and by its subsidiaries, on the business outlook, on the most significant economic, financial and equity transactions implemented by the Company and its subsidiaries, as well as on decisions on the matter of credit disbursement and management, on

which a report containing global figures must be provided.

By virtue of the powers assigned to him, Gian Maria Mossa is the Chief Executive Officer. He does not cover administration functions in any other listed issuer (Implementing Criterion 2.C.6. of the Corporate Governance Code) and the interlocking directorate situation specified in the Corporate Governance Code does not apply in his regard.

Chairman of the Board of Directors

The Bank of Italy's Circular No. 285 highlights the importance of the role of the Chairman of the Board of Directors who is in charge of promoting internal debate, ensuring the balance of powers, and promoting the effective functioning of the corporate governance system, including with regard to the Chief Executive Officer and the other executive directors. He acts as interlocutor of the control body and of the Board Committees. To this end, the Chairman, in addition to meeting the requirements provided for directors, must have the skills needed to fulfil the tasks assigned to this role. In order to effectively discharge this key function, the Chairman must play a non-executive role and must be free from operating responsibilities.

In compliance with the aforesaid requirements of the Bank of Italy, the Rules governing the Proceedings of the Board of Directors specifically regulates the procedures through which the Chairman is to discharge his coordination and oversight functions aimed at ensuring not only the smooth functioning of the Board of Directors and the constant flow of information amongst Board members.

The General Shareholders' Meeting held on 12 April 2018 appointed Giancarlo Fancel Chairman of the Board of Directors. On the same date, the Board of Directors decided to grant the Chairman of the Board of Directors — in addition to the powers granted to him by the law and Articles of Association — powers to coordinate the activities of the Company Bodies, oversee the implementation of the resolutions approved by the Shareholders' Meeting and the Board, ensure the prompt and proper execution of the decisions made by the Chief Executive Officer and General Manager, monitor business operations and compliance with strategic guidelines, as explained below.

1. monitoring the Company's overall performance and laying down management policies in concert with the Chief Executive Officer and General Manager;
2. laying down general guidelines for managing business operations in concert with the Chief Executive Officer and General Manager;
3. coordinating the smooth functioning of the Board of Directors and the General Shareholders' Meeting, by promoting internal dialogue and ensuring the balance of powers and circulation of information;
4. overseeing relations with public bodies, shareholders and managing the Company's public relations in general;
5. coordinating the Company's communication strategies, managing the company's public image and relations with the press or other media, in accordance with the guidelines provided by the Board of Directors and in line with the company's strategic plan and the Group policies on this matter.

Moreover, Article 18, paragraph 9, of the Articles of Association establishes that in the event of absolute, unavoidable urgency, where the matter cannot be delegated, the Chairman may take Board decisions, with the exception of those that cannot be delegated pursuant to law. The Board shall be informed of such decisions at the next Board meeting.

Pursuant to Article 22 of the Articles of Association, the Chairman of the Board of Directors is the legal representative and has the authority to sign on behalf of the Company before all legal and administrative authorities and third parties.

The Chairman of the Board of Directors has no management responsibilities and so performs no executive role. Similarly, he carries out no specific role in drawing up business strategies, does not have primary responsibility for managing the Company and holds no significant shareholdings in the Company's capital either directly or indirectly.

Report to the Board

The Chief Executive Officer and General Manager reports periodically to the Board of Directors with regard to activities carried out. Specifically:

- > usually, on a monthly basis:
 - (i) on any and all transactions that could have a particularly significant impact on the balance sheet, income statement or cash flow of the company or any of its subsidiaries;
 - (ii) on decisions pertaining to lending policies and, in general, on lending trend;
 - (iii) on property investments;
 - (iv) on the performance of sales and net inflows;
 - (v) on Banca Generali stock performance;
- > on a quarterly basis:
 - (i) on the general state of operations, the outlook for the Company and Group and comparisons with budget forecasts.
 - (ii) on activities carried out by the Company and the Group with related parties and connected parties;
 - (iii) on the type and performance of the managed products placed;
 - (iv) on the macroeconomic scenario and the definition of managed portfolios investment policies;
 - (v) on compliance with limits established for activities generating conflicts of interest within the portfolio management activity;
 - (vi) on the situation of litigations;
 - (vii) on the need to update risk allocations or provisions.

4.5 Other Executive Directors

Apart from the Chief Executive Officer no other Board member can be considered to be an executive director. It should be noted that the non-independent Directors do not

serve in managerial capacities at the Parent Company a managerial role that also regards Banca Generali.

4.6 Independent and Non-executive Directors

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 (5 out of a total of 9 directors) pursuant to the provisions of Article 16, paragraph 1, letter d), of the Consob Rules on Markets.

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 (Article 12.5 of the Board Rules).

Moreover, Article 12.4 of the Board Rules requires the Board to be made up primarily of non-executive directors.

In accordance with the provisions of Article 2, paragraph 2.C.1 of the Corporate Governance Code, the Board Rules define executive directors as including:

- (i) the Chief Executive Officers of the Company or a strategic subsidiary thereof, including the respective 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 Banca Generali.

Within the meaning of the definitions set forth above, the Company's Board of Directors at 31 December 2020 was made up of eight non-executive directors. This situation is confirmed on the date this Report is published.

In accordance with the Corporate Governance Code's recommendations, the number and authority of the non-executive Directors are such as to ensure that their judgement carries a decisive weight in the Board decisions taken.

The non-executive Directors contribute to the resolutions taken in the company's interest. By contributing their specific expertise, they encourage the adoption of well-considered and informed collegial decisions. The Board Rules require that non-executive Directors meet at least once a year without the other Directors.

In compliance with this requirement, Banca Generali's Non-executive Directors met separately on 17 December 2020. During this session, the attendees unanimously: (i) observed and appreciated the relationship between the independent and non-independent members and between the executive and non-executive members, assessed positively in terms of balance and quality of dialogue, with robust balancing of skill-sets; (ii) expressed appreciation for the good performance and sound functioning of the work done by the board and its committees, also in view of the gradual improvement over the three-year period of the efficiency and quality of the flow of information and the com-

pleteness and clarity of the documents produced in support of the Board's work; and (iii) found the relationship between the agenda and discussion time to be balanced. Finally, several additional points for reflection were raised regarding the efficiency of assessment and resolution processes regarding lending applications and strategic development, also taking into account the impacts of the Covid-19 health emergency.

The Company's Board of Directors includes 5 non-executive Directors, who are also independent within the meaning and provisions set forth in Article 16, paragraph 1 (d), of Consob Rules on Markets, which provides that no person, who sits on the Board of Directors — intended (also pursuant to Consob's provisions included in its Notice No. DEM/10046789 of 20 May 2010) as an Executive Director — of a company or body engaging in management and coordination activities in respect of the Company or the entity that exercises coordination and control, or of any listed companies controlled by such company or entity, and pursuant to the Corporate Governance Code (paragraph 3.C.1), as defined by Consob Notice DEM/10078683 of 24 September 2010, which establishes that the independence requirements envisaged by the Corporate Governance Code can be considered equivalent to those established by Article 148, paragraph 3, of TUF. These requirements are also envisaged by Article 13 of the Board Rules, pursuant to which, 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) 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: (i) the Company or one of its subsidiaries or one or more of its key personnel; (ii) 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 personnel thereof; is or has been in the previous three financial years employed by one of the aforesaid entities;
- 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, 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.

Pursuant to the above, the following are to be considered "key personnel" of a company or an entity: the Chairman of the entity, the Chairman of the Board of Directors, the legal representative, the executive directors and managers with strategic responsibilities of the company or entity.

The Board Rules (Article 14), pursuant to the Corporate Governance Code (paragraph 3.C.6), require the Company's Independent Directors to meet at least once a year, without the presence of other Directors.

In compliance with the said requirement, Banca Generali's Independent Directors met separately on 17 December 2020 to discuss the following matters:

1. Considerations, areas of reflection and assessments on Board's and Board committees' Governance.

In light of Article 3, paragraph 3.C.4, of the Corporate Governance Code, the Board Rules require the Board of Directors to carry out an assessment based on the criteria also set out in the Board Rules, the information and declarations submitted by the directors, or otherwise acquired by the Board. Such assessment has to be carried out upon appointment of a new Director who declares himself or herself independent to determine that the requirements for independence have been fully met, and on a yearly basis to ensure that such requirement continues to be complied with by all independent Directors.

The Board Rules (Article 13.8) also require the Board to assess the compliance with the independence requirements by examining all credit situations in which the bank is involved and related to the independent director in question.

The Board Rules also establish that 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 independently verify the outcome of the aforesaid assessment, pursuant to Article 3, paragraph 3.C.5 of the Corporate Governance Code.

It should be recalled that, in compliance with these provisions, on 10 February 2020, the Board of Directors carried out the scheduled annual assessment of satisfaction of the requirements of independence and found that the Directors Giovanni Brugnoli, Anna Gervasoni, Massimo Lapucci, Annalisa Pescatori and Vittorio Emanuele Terzi qualified as independent directors within the meaning of Articles 147-ter, paragraph 4, and 148, paragraph 3, of TUF, as well as in light of the requirements set forth by the application criteria of Article 3 of the Corporate Governance Code, and pursuant to Article 16, paragraph 1(d) of the Consob Rules on Markets. The Board of Directors announced the outcome of its assessments by issuing a press release.

On the same date, the Board of Statutory Auditors, after examining the documentation provided, confirmed the results of the checks performed by the Board of Directors and determined that the criteria and procedures used to evaluate the independence of the independent Directors had been correctly applied.

4.7 Lead Independent Director

The Company has not appointed a lead independent director within the meaning of Article 2, 2.C.3 of the Corporate Governance Code. This fact is considered to be consistent by the Company since the office of Chairman of the Board of Directors is occupied by Giancarlo Fancel, CFO of Generali Italia S.p.A. and Country Italy until February 2021 and current Chief Risk Officer of Assicurazioni Generali S.p.A..

The Company feels that Fancel's role within Generali Italia S.p.A. in 2020 and currently (as of 1 March 2021) within Assicurazioni Generali S.p.A. does not entail potential conflict of interests or unchecked concentration of corpo-

In view of the election of new company bodies at the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2020, the independence of Directors who declare that they meet this requirement — pursuant to applicable regulations, including corporate governance code provisions — will be verified after the General Shareholders' Meeting.

rate decision-making powers. As a matter of fact, within Banca Generali, Mr. Fancel is devoid of any responsibility in respect of business operations and corporate management, and is tasked only with overseeing and monitoring the implementation, by the Board of Directors, of the resolutions passed by the Shareholders' Meeting, as well as compliance by delegated corporate bodies with Board of Directors' resolutions.

Mr. Fancel's task is thus to oversee and monitor that the Company is managed in a way that is consistent with its strategic guidelines.

5. HANDLING OF CORPORATE INFORMATION

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.

On 18 July 2006, the Board of Directors approved, upon proposal of the Chief Executive Officer, the rules of conduct to be followed in the management and public disclosure of inside information, subsequently updated on 27 July 2017 and most recently amended and renamed “*Code for Handling Relevant and Inside Information*” by Board of Directors’ resolution of 17 December 2020, in implementation of: (i) the provisions of TUF; (ii) the market abuse Regulation (EU) No. 596/2014, as amended and supplemented (“**MAR Regulation**”); (iii) of Legislative Decree No. 107 of 10 August 2018, in national implementation of the EU Regulation No. (EU) No. 596/2014; (iv) provisions on corporate disclosures of the Consob Issuers’ Rules; (v) the provisions on corporate disclosures as per the Rules of the Markets organised and managed by Borsa Italiana S.p.A. (“**Rules of the Market**”); (vi) the provisions on corporate disclosures as per applicable Instructions to the Rules of the Market (“**Instructions to the Rules of the Market**”); (vii) recommendations issued from time to time by Consob on corporate disclosures, including the *Guidelines “Management of Inside Information — Consob, October 2017”* (“**Consob Guidelines**”).

A copy of the above mentioned “*Code on Relevant and Inside Information*” is available on the website www.bancagenerali.com, section “*Governance - Corporate Documents - Company Regulations*”.

The “*Code on Relevant and Inside Information*” is aimed at:

- > effectively regulating the management and processing of relevant and inside information, as well as the procedures to be followed for forwarding, both within and outside the Company, documents and information pertaining to Banca Generali, or its subsidiaries, with regard to inside information, should this inside information be material for Banca Generali as well;
- > within the framework of managing and processing relevant and inside information, providing Banca Generali with rules to prevent the commission, attempted commission or involvement, directly or indirectly, in market abuse behaviour, in accordance with applicable laws and regulations.

The essential elements of the Code on Relevant and Inside Information are summarised below.

In particular, in order to discharge obligations to disclose inside information pursuant to applicable legislation in a timely manner, Banca Generali monitors the steps leading up to the publication of such information, identifying and monitoring the following as part of this process, in accordance with the Consob Guidelines:

- > the “Relevant Information Types”, the list of which is prepared through an assessment process that takes account of the various internal and external parties who

normally have access, on the basis of ordinary company processes, to information during the period prior to publication and is contained in a matrix that associates such Relevant Information Types with the corresponding organisational functions (the “**Matrix**”), and

- > the resulting “Relevant Information”: Relevant Information is identified and classified (i) on the basis of qualitative assessments of the Relevant Information Type or other circumstances that may be identified from time to time, (ii) on the basis of assessments of relevance in relation to the characteristics of Banca Generali and the Group (in terms of size, revenues, debt or profitability level, capitalisation, history of similar transactions already undertaken by Banca Generali, typical transactions on the market of reference to which Banca Generali belongs), as well as in relation to the probability that this information, if it were made public, would be likely to have a significant effect on the prices of the financial instruments or derivative financial instruments that a reasonable investor would be likely to use as part of the basis of his or her investment decisions. (Art. 7(4) of the MAR Regulation).

If a piece of information qualifies as relevant information, a new section of the Relevant Information List (“**RIL**”) is created in accordance with the Consob Guidelines. This is a register containing the list of all those who have access to Relevant Information and with whom Banca Generali or Group subsidiaries have relationships of professional collaboration (whether under a contract of employment or other contract) and that have access to such Relevant Information in carrying out certain tasks.

The Info-Room (i.e., the function identified for this purpose by the Code on Relevant and Inside Information) constantly monitors whether the Relevant Information may qualify as inside information. In this case, the Info-Room promptly informs the Inside Information Management Function (FGIP) (i.e., the function performed by the Chief Executive Officer *pro tempore*) to enable the latter to assess and decide whether the Relevant Information is to be classified as inside information.

With regard to Banca Generali, pursuant to Article 7 of the MAR Regulation, Inside Information shall comprise:

- a) information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments;
- b) in relation to commodity derivatives, information of a precise nature, which has not been made public, relating, directly or indirectly to one or more such derivatives or relating directly to the related spot commodity contract, and which, if it were made public, would be likely to have a significant effect on the prices of such derivatives or related spot commodity contracts, and where this is information which is reasonably expected to be disclosed or is required to be disclosed in accordance with legal or regulatory provisions at the Union or national level, market rules, contract, practice or cus-

- tom, on the relevant commodity derivatives markets or spot markets;
- c) in relation to emission allowances or auctioned products based thereon, information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more such instruments, and which, if it were made public, would be likely to have a significant effect on the prices of such instruments or on the prices of related derivative financial instruments;
 - d) for persons charged with the execution of orders concerning financial instruments, it also means information conveyed by a client and relating to the client's pending orders in financial instruments, which is of a precise nature, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments, the price of related spot commodity contracts, or on the price of related derivative financial instruments.

Inside Information is identified and classified (i) on the basis of qualitative assessments of the Relevant Information Type or other circumstances that may be identified from time to time, (ii) on the basis of assessments of relevance in relation to the characteristics of Banca Generali and the Group (in terms of size, revenues, debt or profitability level, capitalisation, history of similar transactions already undertaken by Banca Generali, typical transactions on the market of reference to which Banca Generali belongs), as well as in relation to the probability that this information, if it were made public, would be likely to have a significant effect on the prices of the financial instruments or derivative financial instruments that a reasonable investor would be likely to use as part of the basis of his or her investment decisions. (Article 7(4) of the MAR Regulation).

If a piece of information qualifies as inside information, a new occasional section of the Insider Register (the “**Register**”) is created pursuant to the MAR Regulation containing the data of the individuals who have access to the inside information concerned and with which there is a relationship of professional collaboration, including on the basis of a contract of employment, with Banca Generali and/or a subsidiary, or who otherwise perform certain tasks for such individuals, through which they have access to inside information, such as consultants, accountants or credit rating agencies. The Register also consists of a permanent section containing the data of individuals who have access to Inside Information on an ongoing basis, i.e., those who by function or position always have access to all inside information as soon as it is identified pursuant to Article 2(2) of Commission Implementing Regulation (EU) No 2016/347.

Management of the Register and the RIL is entrusted to the General Counsel (the “**Officer Responsible**”) who is tasked with keeping and updating the Register with the support of the Corporate Affairs and Relations with Authorities Department.

The provisions set forth in the “*Code on Relevant and Inside Information*” must be followed by the members of the Board of Directors and the Board of Statutory Auditors, the managers and the employees of Banca Generali and its subsidiaries, as well as any and all insiders, and that is to

say, persons who, by virtue of the exercise of their employment or profession or by virtue of their official functions, have access on a regular or an occasional basis to inside information pertaining to Banca Generali and/or its subsidiaries (the “**Insiders**”).

When handling relevant or inside information of which they have become aware in the performance of their official duties, company officers and insiders are required to observe the utmost confidentiality and take every precaution — including the possibility to disclose such information to duly authorised colleagues or to third parties when this is necessary in order to perform one's own duty (or when the tasks and responsibilities of that person are closely tied to the specific information, without prejudice to the fact that such correlation must be established by each one based on a need-to-know approach — to ensure that it is circulated within the business context without prejudice to the confidential nature of the information itself, until such time it is disclosed to the market in the manner provided for in the “*Code on Relevant and Inside Information*”.

Banca Generali discloses to the public, as soon as possible, the inside information directly concerning it, guaranteeing that it is disclosed in accordance with the terms provided for by applicable regulations. The FGIP may delay disclosure to the public of inside information provided that all of the following conditions are met: (i) immediate disclosure is likely to prejudice the legitimate interests of Banca Generali; (ii) delay of disclosure is not likely to mislead the public; and (iii) Banca Generali is able to ensure the confidentiality of that information.

Once the conditions no longer exist for delaying the disclosure of inside information, the latter must be disclosed to the public according to specific instructions from the FGIP.

Banca Generali tasked the Marketing and External Relations Department, the Investor Relations Service and the Corporate Affairs and Relations with Authorities Department, within their respective remit, with competence and responsibility for overseeing, managing and verifying the updating of the Company's website with the aim of ensuring that the Inside Information is made available to the public according to the provisions of laws and regulations in effect from time to time.

With assistance and support from the Corporate Affairs and Relations with Authorities Department, the Investor Relations Department ensure the proper performance of reporting obligations towards the market, issuing, in accordance with the procedures set forth in the Rules for Issuers, the Stock Market Rules and the Instructions to the Market Rules, as well as the aforementioned code, press releases on Inside Information. Press releases concerning Inside Information are approved, unless otherwise provided for by the Media Relations Guidelines, by the Chief Executive Officer and General Manager (or in the case of the absence or disability thereof, the Chairman), and are prepared in compliance with the disclosure obligations set forth by the TUF, the Rules for Issuers and the Market Abuse Regulation.

Internal Dealing

The Board of Directors of 18 July 2006 adopted the “Code on Transaction Carried Out by Relevant Persons and Relevant Shareholders and by Persons Closely Associated” (the “**Internal Dealing Code**”) most recently amended through resolution of the Board of Directors on 17 December 2020.

The Internal Dealing Code applies on a mandatory basis, as mandated, *inter alia*, by Article 19 of the Regulation and, where applicable, Article 114, paragraph 7, of TUF and Articles 152-*quinquies*1. — 152-*octies* of the Rules for Issuers, to the obligations and the related reporting flows relating to transactions undertaken by Relevant Persons and by Relevant Shareholders and Persons Closely Associated with Relevant Shareholders, in accordance with the definitions included in the Internal Dealing Code.

More specifically:

- > Relevant Persons are:
 - a) the members of Banca Generali’s administrative and control bodies;
 - b) senior management officers who, despite not being members of the bodies referred to in point (a) above, have regular access to inside information directly or indirectly concerning the Company and are authorized to take management decisions that can influence the development and prospects of the Company, as identified from time to time by the Board of Directors;
- > Relevant Shareholders mean any person who holds an equity interest, calculated according to the criteria laid down in Article 118 of the Rules for Issuers of at least 10% (ten percent) of the Company’s share capital represented by shares with voting rights and all other persons who exercise control over the Company.

The Internal Dealing Code identifies as:

- > “Relevant Transactions” as transactions involving Shares or other Financial Instruments Linked to Shares, undertaken on own account, directly or through an intermediary, by Relevant Persons or Persons Closely Associated with Relevant Persons, as identified in Annex 2 to the Internal Dealing Code. The following transactions are excluded from the definition of Relevant Transactions and thus are not subject to the reporting obligations that apply to Relevant Persons and Persons Closely Associated with a Relevant Person: transactions that collectively do not exceed 20,000.00 euros (twenty thousand) in a solar year. The threshold of 20,000 (twenty thousand) euros is calculated by adding together all transactions undertaken during a single calendar year, without offsetting. Once the total amount of 20,000 euros is reached, all transactions undertaken during the year, regardless of their amount, must be reported by the Relevant Persons and Persons Closely Associated with Relevant Persons.
- > “Relevant Transactions pursuant to TUF” are transactions, set out in Articles 114, paragraph 7, of TUF and 152-*septies* of the Rules for Issuers, involving the purchase, sale, subscription or exchange of Banca Generali’s shares or financial instruments linked to them, identified pursuant to Article 152-*sexies* of the Rules for Issuers, carried out by Relevant Shareholders or Persons Closely Associated with Relevant Shareholders. The transactions carried out by Relevant Shareholders and the Persons Closely Associated with Relevant Shareholder are excluded from the definition of “Relevant Transactions

as per TUF” and thus are not subject to the reporting obligations that apply to Relevant Shareholders and Persons Closely Associated with Relevant Shareholders in the following cases: (i) the Relevant Transactions as per TUF the amount of which do not reach 20,000 euros by the end of the year; after each report, transactions the total amount of which does not reach an additional 20,000 euros by the end of the year are not notified. For the related derivative Financial Instruments the amount is calculated in reference to the underlying shares and (ii) the other Relevant Transactions as per TUF which are deemed exempt pursuant to Article 152-*septies* of the Rules for Issuers.

The Internal Dealing Code also contains rules governing the handling and disclosure of information pertaining to Significant Operations, and to Significant Operations pursuant to TUF.

Pursuant to Article 19(11) MAR Regulation, Relevant Persons may not conduct any transactions on their own account or for the account of a third party, directly or indirectly, relating to the shares or debt instruments of the Company or to derivatives or other financial instruments linked to them during a closed period of 30 (thirty) calendar days before the announcement of an interim financial report or a year-end report which the Company is obliged to make public according to the rules of the trading venue where the Company’s shares are admitted to trading or to national law (the “**Blocking Period**”).

Pursuant to Article 19(12) MAR Regulation, the Company may allow a Relevant Person to trade on its own account or for the account of a third party during a Blocking Period:

- a) on a case-by-case basis due to the existence of exceptional circumstances, such as severe financial difficulty, which require the immediate sale of shares; or
- b) due to the characteristics of the trading involved for transactions made under, or related to, an employee share or saving scheme, qualification or entitlement of shares, or transactions where the beneficial interest in the relevant security does not change.

In exceptional circumstances, the Relevant Person must be able to prove that the specific transaction cannot be undertaken at a time other than the Blocking Period. The Company conducts a case-by-case assessment of the written request from the Relevant Person and authorises the immediate sale of the shares if, and only if, the circumstances of the transactions may be regarded as exceptional, meaning that they are extremely urgent, unforeseen and pressing, are not attributable to the Relevant Person and are beyond his or her control.

The Board of Directors, within the limits imposed under applicable statutory provisions and during specific periods of the year, and/or in respect of particular events pertaining to the Company’s life, may impose further prohibitions or restrictions on the conclusion of all or some of the Significant Transactions by all or some of the Relevant Persons.

Banca Generali’s Board of Directors has identified its General Counsel as the Officer Responsible for implementation of the Internal Dealing Code.

6. INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER D) OF TUF)

The Bank of Italy Circular No. 285 and the Corporate Governance Code set forth a recommendation for listed companies to set up certain Committees within their Boards of Directors, to be assigned responsibility for specific matters.

The roles of these Committees, set up for the purposes of improving the functioning of the Board, are primarily consultative and recommendatory.

In particular, the Code recommends the setting up of an Internal Audit and Risk Committee, a Remuneration Committee and a Nomination Committee.

In accordance with the above, the Board of Directors set up (i) the Nomination, Governance and Sustainability Committee; (ii) the Remuneration Committee; (iii) the Internal Audit and Risk Committee, requiring that all the aforesaid the aforesaid Committees be made up entirely of Non-executive and Independent Directors.

7. NOMINATION, GOVERNANCE AND SUSTAINABILITY COMMITTEE

In accordance with point 5.P.1. of the Corporate Governance Code and pursuant to the “Prudential Supervisory Instructions for Banks” as per the Bank of Italy’s Circular No. 285, it should be noted that the Board of Directors convened upon the setting up of the Nomination, Governance and Sustainability Committee, vesting it with the tasks set forth in the Corporate Governance Code and the supervisory instructions, as described in detail herein below.

The Nomination, Governance and Sustainability Committee is tasked with assisting the Board of Directors during the course of the procedure through which the Company chooses appointments, governance and sustainability.

The current Committee was appointed by the Board of Directors on 12 April 2018 and is made up as follows:

NAME AND SURNAME	OFFICE HELD (AS OF 25 MARCH 2021)
Massimo Lapucci	Chairman of the Committee Non-executive and Independent Director
Giovanni Brugnoli	Committee Member Non-executive and Independent Director
Annalisa Pescatori	Committee Member Non-executive and Independent Director

Carmelo Reale ⁽¹¹⁾, the Board Secretary, also serves as Committee secretary.

The three members of the same Committee are all Non-executive and Independent Directors.

The operating procedures of the Nomination, Governance and Sustainability Committee are set forth in the relevant Rules approved by the Board of Directors and published on the Issuer’s website.

The Committee’s responsibilities include advising and making recommendations and proposals to the Board of Directors on matters pertaining to appointments, governance and sustainability. More specifically, the Nomination, Governance and Sustainability Committee is entrusted with the following tasks. It:

- > supports the Board of Directors with advance identification of the qualitative and quantitative composition of the Board deemed optimal for the purposes of the nomination or co-option of directors. In this context, (i) it formulates opinions for the Board of Directors concerning the Board’s size and composition; (ii) it issues recommendations concerning professionals whose presence on the Board is deemed appropriate; (iii) it issues recommendations concerning the maximum number of positions as director or statutory auditor at companies listed on Italian and foreign regulated markets, at banks, finance companies, insurers or entities of significant size, that may be regarded as compatible with effective performance of the role of director of the issuer, also considering participation in the various committees and according to differentiated criteria based on the commitment associated with each role; and (iv) it proposes candidates for the office of director to the Board of Directors in cases of co-option, when independent directors need to be replaced;
- > supports the Board of Directors with subsequent verification of the compliance between the qualitative and quantitative composition deemed optimal and the effective composition resulting from the nomination process;

- > formulates opinions to the Board on resolutions concerning the replacement of members of the committees within the Board of Directors, which may become necessary during the Committee’s term of office;
- > supports the Board of Directors with the self-assessment process;
- > supports the Board of Directors with assessing the conditions set out under Article 26 of TUB;
- > supports the Board of Directors with defining succession plans for top managers;
- > expresses opinions on the designation of the directors and officers of subsidiaries
- > performs a prior review of the Corporate Governance and Ownership Structure Report;
- > expresses opinions concerning the acceptance by directors and officers of positions or functions at companies outside the Banca Generali;
- > supports the Internal Audit and Risk Committee with identifying the heads of company control functions to be nominated;
- > monitors the evolution of national and international regulations and best practices governing corporate governance matters, duly informing the Board of Directors of any significant changes;
- > verifies that the Banking Group’s corporate governance system complies with external laws and regulations, the recommendations laid down in the Corporate Governance Code for Listed Companies and the national and international best practices;
- > oversees all sustainability matters related to the Banking Group’s operations and the ways in which it interacts with all stakeholders, also fostering a culture of sustainability within the Bank and the Banking Group companies;
- > examines the general outline of the Sustainability Report and its content organisation, as well as the completeness and transparency of the information it provides, expressing its observations in this regard to the Board of Directors called to approve the said Report;
- > examines the internal regulations which are found to impact all stakeholders, also working in concert with the Internal Audit and Risk Committee in the cases in which the said internal regulations regard the internal

⁽¹¹⁾ He replaced Domenica Lista as of 15 September 2020.

control and risk management system, and expresses observations thereof to the Board of Directors;

- > monitors the evolution of all matters related to the Banking Group's social, environmental and sustainability responsibility, also in light of the applicable international guidelines and standards;
- > prepares proposals regarding the Banking Group's environmental and social strategies, annual targets and goals to be pursued, while also monitoring their implementation over time.

The operating procedures of Nomination, Governance and Sustainability Committee are set forth in the relevant Rules of the Nomination, Governance and Sustainability Committee, approved by the Board of Directors and published for consultation on the website under section *Corporate Governance / Board Committees*.

In addition to Committee members, Committee meetings are attended by the Chairman of the Board of Statutory Auditors or another Auditor delegated with such task, it being understood that other Auditors may also attend. The Chief Executive Officer can also be invited to participate in meetings of the Committee, save during the discussion of matters regarding him.

Upon invitation, non-members may also attend Committee meetings so as to provide assistance with regard to specific items placed on the agenda.

Committee members are appointed for a period that is coterminous with the term of the Board, and are entitled to annual remuneration plus an attendance fee payable for each meeting they attend.

In 2020, the Nomination, Governance and Sustainability Committee met 9 times. On average, the meetings lasted approximately one hour. In the year, under way a total of 12 Committee meetings are scheduled; since the beginning of the year, as at the date of this Report, 4 meetings were held.

During the meetings held in 2020, the Committee was invited to express its opinion, *inter alia*, on the following: (i) verification of the requirements of independence of the Directors and compliance with the interlocking requirement; (ii) appointment of corporate officers in companies of the Banca Generali Banking Group or Banca Generali's investee companies; (iii) update of the succession plans.

During the year, the Committee also monitored internal governance events and processes including: (i) verification of the recommendations of Borsa Italiana's Corporate Governance Committee and the level of compliance of Banca Generali with the same; (ii) preparation of the Report on Corporate Governance and Company Ownership; (iii) update of the Internal Code of Conduct, (iv) the Board's self-assessment process.

Moreover, the Committee monitored the sustainability-related activities formulating proposals on strategic environmental and social issues of the Banking Group, while setting the annual objectives and goals to be achieved, monitoring their implementation over time and verifying the updates provided by the relevant internal structures with regard to the initiatives undertaken by the Bank. Within this context, it was invited to express its opinion on the adoption by the Bank of a specific Sustainability Policy. The proceedings of each meeting, coordinated by the Chairman, were duly recorded in minutes.

All meetings held in 2020 were attended by all Committee members, as indicated in Table No. 2 contained in the Attachment sub 2) to this Report.

The Nomination, Governance and Sustainability Committee is afforded unhindered access to any and all the corporate information and functions it may deem necessary or useful for the proper discharge of its assigned tasks, as well as avail of the services of outside consultants. In order for the Committee to carry out its duties, a specific budget was allocated for the current year.

8. REMUNERATION COMMITTEE

In accordance with point 6.P.3. of the Corporate Governance Code and pursuant to the “Prudential Supervisory Instructions for Banks” as per the Bank of Italy’s Circular No. 285, the Board of Directors convened upon the setting up of the Remuneration Committee, vesting it with the tasks set forth in the said Corporate Governance Code and the supervisory instructions, as described in detail here below.

The Remuneration Committee is tasked with assisting the Board of Directors in laying down Company’s policies in respect of the determination of the remuneration of the Company’s employed key personnel and personnel responsible for control functions.

The current Committee was appointed by the Board of Directors on 12 April 2018 and is made up as follows:

NAME AND SURNAME	OFFICE HELD (AS OF 25 MARCH 2021)
Giovanni Brugnoli	Chairman of the Committee Non-executive and Independent Director
Anna Gervasoni	Committee Member Non-executive and Independent Director
Vittorio Emanuele Terzi	Committee Member Non-executive and Independent Director

Carmelo Reale ⁽¹²⁾, the Board Secretary, also serves as Committee secretary.

The three members of the Committee are all Non-executive and Independent Directors. At the time of appointment, the Board ascertained that Anna Gervasoni has adequate knowledge and experience in financial matters and Giovanni Brugnoli has adequate knowledge and experience in remuneration policies.

The operating procedures of the Remuneration Committee is regulated by the relevant Rules approved by the Board of Directors and available for consultation on the Issuer’s website under section *Governance / Board Committees*.

The Committee’s responsibilities include advising and making recommendations and proposals to the Board of Directors on matters pertaining to remuneration. More specifically, the Remuneration Committee is entrusted with the following tasks and responsibilities:

- > providing the Board of Directors with non-binding opinions and proposals on the determination of the remuneration of those who fill in the positions of Chairman of the Board of Directors, Chief Executive Officer and General Manager and any other executive directors, expressing opinions also on the setting of performance objectives linked to the variable component of remuneration;
- > providing the Board of Directors with non-binding opinions and recommendations on the determination of the remuneration of personnel, whose remuneration and incentive systems are decided by the Board of Directors — in accordance with laws and regulations in effect from time to time, as well as with the Remuneration and Incentive Policy adopted by the Company — expressing opinions also on the setting of performance objectives linked to the variable component of remuneration;
- > being consulted on issues concerning the determination of criteria to be applied for the remuneration of all Key Personnel, as defined by the Remuneration and Incentive Policy adopted by the Company;
- > periodically assessing the adequacy, overall consistency and concrete application of the remuneration policy applicable to Directors, Managers with Strategic Responsibilities and, on the basis of the information provided by the General Manager, all personnel whose remuneration and incentive systems are decided by the Board of Directors, in accordance with laws and regulations in effect from time to time, as well as with the Remuneration and Incentive Policy adopted by the Company, in addition to submitting its relevant proposals to the Board of Directors;
- > monitoring the implementation of decisions adopted by the Board of Directors, also providing the Board with general recommendations on the matter;
- > directly overseeing on the correct implementation of rules governing the remuneration of the Heads of corporate control functions, in close collaboration with the control function;
- > providing opinions on the determination of severance indemnities to be offered in the event of early termination of the contract or the post (so-called “golden parachutes”); assessing, where necessary, the effects of such termination on the rights accrued under share-based incentive plans;
- > on the basis of the information received from the competent company functions, expressing opinions on the achievement of the performance objectives to which incentive plans are tied, and on the assessment of the other conditions established for the disbursal of remuneration;
- > formulating non-binding opinions and proposals concerning any stock options plans and shares assignment or other share-based incentive systems also suggesting the objectives relating to the granting of such benefits and the criteria for assessing the achievement of those objectives; monitors the evolution and application over time of any plans approved by the General Shareholders’ Meeting upon proposal of the Board of Directors;
- > expressing an opinion for the Parent Company’s Board of Directors on proposals relating to the remuneration of Directors entrusted with specific tasks in subsidiaries of strategic importance, pursuant to Article 2389 of

⁽¹²⁾ He replaced Domenica Lista with effect from 15 September 2020.

the Civil Code, as well as general managers and managers with strategic responsibilities of the same companies;

- > preparing all documents to be submitted to the Board of Directors for the relevant resolutions;
- > duly reporting on the activities performed by the company bodies, including the General Shareholders' Meeting, with the timeliness necessary to allow for due preparation of meetings called to examine matters pertaining to remuneration;
- > participating into the General Shareholders' Meetings through its Chairman or another Committee's member;
- > ensuring appropriate functional and operational links with the relevant company structures in charge of preparing and monitoring remuneration and incentive policies and practices;
- > working with the other Board committees, in particular with the Internal Audit and Risk Committee, which is tasked with assessing that the incentives granted through the remuneration system duly reflect risks and are commensurate with capital and liquidity levels;
- > carrying out any and all other tasks and duties entrusted to the Committee by the Board through specific resolutions.

The procedures governing the functioning of the Remuneration Committee are set forth in the Remuneration Committee Rules approved by the Board of Directors.

Committee meetings are generally held at least twice a year and, in any event, with the timeliness necessary to allow a full treatment and discussion of any and all matters on which the Committee may be requested or required to report of the Board of Directors.

In addition to Committee members, Committee meetings are attended by the Chairman of the Board of Statutory Auditors or another Auditor delegated with such task, it being understood that other Auditors may also attend. Committee meetings are attended by the Chief Executive Officer (unless motions are dealt with in the meeting concerning his remuneration). Upon invitation, non-members may also attend Committee meetings so as to provide assistance with regard to specific items placed on the agenda.

Directors do not take part in Committee meetings at which recommendations in respect of their own remuneration are submitted to the Board of Directors.

Remuneration Committee members are appointed for a period that is coterminous with the term of the Board, and are entitled to annual remuneration plus an attendance fee payable for each meeting they attend.

In 2020, the Remuneration Committee met 10 times. On average, the meetings lasted approximately 40 minutes. In the year underway, a total of 9 Committee meetings are scheduled; since the beginning of the year as at the date of this report, 4 meetings were held.

During the meetings held in 2020, the Committee was invited to express its opinion, *inter alia*, on the following:

- (i) *ratione materiae*, verification of the recommenda-

tions of Borsa Italiana's Corporate Governance Committee and the level of compliance Banca Generali with the same;

- (ii) self-assessment of the remuneration and incentive system and motion to raise the ratio of the variable to fixed component of remuneration to 2:1;
- (iii) Nextam Group incentive calculation: determination of 2019 bonus pool and calculation of 2019 Key Personnel;
- (iv) Nextam SGR: report on the 2020 self-assessment and identification of Key Personnel for 2020;
- (v) addition to the self-assessment of Key Personnel;
- (vi) the 2020 incentive system;
- (vii) the Network Loyalty Plan for 2020;
- (viii) the 2020 LTI Plan linked to the Banca Generali stock;
- (ix) assessment of the achievement of the access gate requirements and the objectives set forth by the MBO system for 2019 assigned to the Chief Executive Officer/General Manager, the Deputy General Manager Wealth Management, Markets and Products, the Deputy General Manager Commercial Networks, Alternative Channels and Support, other key personnel and heads of the control functions, and consequent definition of the related variable remuneration;
- (x) calculation and reporting of Long-Term Incentive Plans (2017-2019 LTI, 2018-2020 LTI, 2019-2021 LTI);
- (xi) Remuneration Report: the Banking Group's remuneration policies and report on the application of remuneration and incentive policies in 2019;
- (xii) Nextam: remuneration policies for 2020 and report on the application of remuneration and incentive policies in 2019;
- (xiii) determination of the 2020 Bonus Pool;
- (xiv) update on the determination of the number of treasury shares in service of 2020 share-based plans;
- (xv) opinion on the compensation reserved for some corporate representatives appointed in Companies of the Banca Generali Banking Group;
- (xvi) acknowledgement of the compensation package for members of Key Personnel;
- (xvii) 2020 Balanced Score Card for key personnel/ methods for BSC application;
- (xviii) Nextam: 2020 Balanced Score Card for Key Personnel;
- (xix) Deepdive: 2020 People Strategy;
- (xx) progress of projects for 2020 (BSC).

The proceedings of each meeting, coordinated by the Chairman, were duly recorded in minutes.

All the 10 meetings held in 2020 were attended by all Committee members, as indicated in Table No. 2 contained in the Attachment sub 2) to this Report.

The Remuneration Committee is afforded unhindered access to any and all the corporate information and functions it may deem necessary or useful for the proper discharge of its assigned tasks, as well as avail of the services of outside consultants. In order for the Committee to carry out its duties, a specific budget was allocated for the current year.

9. DIRECTORS' REMUNERATION

With reference to the information regarding Executive and Non-executive Directors, Managers with Strategic Responsibilities, and indemnities of Directors in the event of resignation, dismissal or severance as a result of a takeover bid (Re. Article 123-*bis*, paragraph 1, letter i) of TUF), please see sections 4, 5, 6, and 7 included in the Remuner-

ation Report 2020, published as part of the Remuneration and Incentive Policies of the Banking Group and Report on the Implementation of the 2020 Remuneration and Incentive Policies, pursuant to Article 123-*ter* of TUF, Article 84-*quater* of the Consob Issuers' Rules and the rules set forth by the Bank of Italy's Circular No. 263.

10. INTERNAL AUDIT AND RISK COMMITTEE

The Board of Directors has endowed itself with an Internal Audit and Risk Committee made up of four Board members, all of whom are non-executive and independent, vest-

ed with consulting and recommendatory functions. The current Committee was appointed by the Board of Directors on 12 April 2018 and is made up as follows:

NAME AND SURNAME	OFFICE HELD (AS OF 25 MARCH 2021)
Anna Gervasoni	Chairwoman Non-executive and Independent Director
Massimo Lapucci	Committee Member Non-executive and Independent Director
Annalisa Pescatori	Committee Member Non-executive and Independent Director
Vittorio Emanuele Terzi	Committee Member Non-executive and Independent Director

The Board of Directors ascertained that Vittorio Emanuele Terzi has adequate experience in accounting and finance, Annalisa Pescatori has adequate experience in the field of risk management, while Massimo Lapucci and Anna Gervasoni have adequate experience both in accounting and finance, and in risk management.

Carmelo Reale ⁽¹³⁾, the Board Secretary, also serves as Committee secretary.

The operating procedures of the Internal Audit and Risk Committee are set forth in the relevant Rules approved by the Board of Directors and published on the Issuer's website under section *Governance / Board of Committees*.

The Committee is charged with the following tasks and powers: (i) the task of supporting the Board of Directors with adequate investigative activity in its evaluations and decisions concerning the internal control and risk management system and the approval of periodic financial reports; (ii) advisory powers in the area of related party transactions, in accordance with the terms and conditions established by the related party transaction procedure approved by Banca Generali (the "*Procedure for Related Party and Connected Party Transactions and Transactions of Greater Importance*") pursuant to current laws and regulations; and (iii) advisory and investigative powers in relation to the Board of Statutory Auditors in the area of the statutory auditing of the accounts, pursuant to Italian Legislative Decree 39 of 27 January 2010, (iv) as well the advisory power and task of supporting the Board of Directors with regard to equity investments, in compliance with the Equity Investment Management Policy, approved by Banca Generali.

With reference to the internal control System, the Committee assists the Board of Directors in laying down the guidelines of the internal control and risk management system, periodically checking that said system is adequate to the bank's characteristics and risk profile, reviewing its effective functioning and also ensuring that the major company risks have been identified, adequately measured, managed and monitored, as well as determining the degree to which such risks are compatible with management of the enterprise in accordance with the strategic goals identified, in liaison with the responsible company functions.

In such regard, the Committee:

- > supports the Board of Directors in determining the strategic guidelines, guidelines of the internal control system and risk governance policies, with a particular focus on all activities instrumental and necessary to allowing the Board of Directors to arrive at an accurate, effective determination of the Risk Appetite Framework and risk governance policies;
- > within the context of the Risk Appetite Framework, plays a necessary evaluative and propositional role to ensure that the Board of Directors is able to define and approve the risk objectives (risk appetite) and tolerance thresholds (risk tolerance);
- > supports the Board of Directors in establishing policies and processes for the assessment of company activities, including verification that price and conditions of transactions with customers are consistent with the business model and risk management strategies;
- > supports the Board of Directors with periodic verification of the adequacy of the internal control and risk management system with respect to the characteristics of the company and risk profile assumed, and the system's effectiveness;
- > without prejudice to the competencies of the Remuneration Committee, determines that the incentives underlying the Bank's remuneration and incentive system are consistent with the RAF;
- > with the contribution of the Nomination Committee, identifies and proposes the heads of the company control functions to be appointed and expresses an opinion of their dismissal, where applicable;
- > monitors the independence, adequacy, efficacy and efficiency of the Internal Audit, Compliance and Risk Management functions;
- > ensures that the Internal Audit, Compliance and Risk Management functions possess adequate resources to discharge their duties;
- > examines the activity plans and annual reports prepared by the Heads of the Compliance, Internal Audit and Risk Management functions, before they are presented to the Board of Directors;
- > verifies that company control functions comply properly with the indications and guidelines established by the Board of Directors;

⁽¹³⁾ He replaced Domenica Lista with effect from 15 September 2020.

- > assists the Board of Directors in preparing the coordination document provided for in Title IV, Chapter 3, of Bank of Italy Circular No. 285;
- > expresses assessments and formulates opinions for the Board of Directors concerning observance of the principles with which the internal control system and company organisation must comply and of the requirements that must be satisfied by company control functions, bringing attention to any weaknesses and the resulting corrective actions to be promoted, assessing any related proposals by the General Manager;
- > contributes, through assessments and opinions, to the definition of the company's outsourcing policy for company control functions in accordance with Title IV, Chapter 3, of Bank of Italy Circular No. 285;
- > expresses opinions on specific aspects pertaining to the identification of the main corporate risks;
- > assesses, together with the Manager in charge of the company's financial reports and after having heard the Independent Auditors and the Board of Statutory Auditors, the sound application and consistency of the accounting principles for the purpose of preparing the consolidated financial statements;
- > requests that the Internal Audit, Compliance or Risk Management functions (according to their various specific competencies) perform checks on specific areas of operation while simultaneously notifying the Chairman of the Board of Statutory Auditors thereof;
- > reports to the Board of Directors on its activity and the adequacy of the internal audit and risk management system, during the Board meetings called to approve the annual and half-yearly financial statements;
- > can be consulted for assessment of the specific transactions entailing direct or indirect conflict of interest;
- > performs the other duties entrusted to it by the Board of Directors.

Regarding related party and connected party transactions, in compliance with the provisions set forth in the Regulations on related party transactions approved by Consob with Resolution No. 17221 of 12 March 2010, as further amended and extended by Consob Resolution No. 17389 of 23 June 2010, and as required pursuant to the New Regulations for the Prudential Supervision of Banks, Bank of Italy's Circular No. 263, as well as in compliance with the Procedure for Related Party and Connected Party Transactions and Transactions of Greater Importance, the Committee:

- > in respect of Moderately Significant Related Party Transactions, as defined in the Related Party and Connected Party Transaction Procedure, express, in the manner and form and in accordance with the deadlines established in the Procedure, a non-binding opinion, duly supported by grounds, on the extent to which it is in Banca Generali's interest to effect each such transaction, as well as on the fairness and substantive correctness of the related terms and conditions;
- > in respect of Transactions of Greater Importance, as defined in the Procedure for Related Party and Connected Party Transactions: (i) playing an active role in the preliminary fact-finding and negotiation phases of each such transaction, including by seeking information from and/or forwarding comments and observations to any and all the persons and parties involved in the said phases; and (ii) expressing, in the manner and form and in accordance with the deadlines established in the Related Party and Connected Party Transac-

tion Procedure, a binding opinion, duly supported by grounds, on the extent to which it is in Banca Generali's interest to effect each such transaction, as well as on the fairness and substantive correctness of the related terms and conditions. If a "Transaction of Greater Importance", within the meaning of the 15th update of the Bank of Italy's Circular No. 263 of 2 July 2013, is also classified as a "Highly Significant Transaction" pursuant to the document "Procedure for Transactions of Greater Importance with Related Parties and Connected Parties," the transaction in question is to be subject not only to the procedure described above, but also to a prior opinion by the Risk Management function.

The Committee is also placed in charge of providing support to the Board of Statutory Auditors, at the latter's request, especially in the form of advice and assistance in conducting the fact-finding inquiries required to discharge the duties entrusted to the Board of Auditors with regard to the statutory auditing of accounts pursuant to Legislative Decree No. 39 dated 27 January 2010. More specifically, the Committee shall:

- > assess the proposals put forward by auditing firms to obtain the audit engagement, within the framework of the Company's procedures for appointing the independent auditors in charge of certifying the consolidated financial statements and half-yearly financial statements, with specific reference to the subject-matter of the appointments and the related economic terms and conditions, reporting its findings to the Board of Statutory Auditors;
- > at the request of the Board of Statutory Auditors, assess the work schedule of the statutory audit, and examine the results set forth in the report drawn up by the independent auditors together with any suggestions the latter may have put forward, reporting its findings to the Board of Statutory Auditors;
- > at the request of the Board of Statutory Auditors, monitor the effectiveness of the processes followed for the statutory auditing of accounts, reporting its findings to the Board of Statutory Auditors;
- > undertake any and all further tasks that the Board of Statutory Auditors may entrust to it in respect of the statutory auditing of accounts.

Lastly, as far as equity investments are concerned, also in accordance with the procedures set forth in the "*Equity Investment Management Policy*" approved by Banca Generali, the Committee is charged with advisory powers in the various cases described above, expressing, where requested, opinions regarding (i) the granting of significant loans to companies in which the bank holds a qualified equity investment; (ii) the acquisition of a qualified equity investment in a company which has been granted significant loans; (iii) the acquisition of equity investments in companies considered strategic suppliers; and (iv) the acquisition of equity investments in debtor companies aimed at recovering credits.

Committee members are appointed for a period that is coterminous with the term of the Board, and are entitled to annual remuneration plus an attendance fee payable for each meeting they attend.

Committee meetings are generally held at least four times a year and, in any event, with the timeliness necessary to allow a full treatment and discussion of any and all matters

on which the Committee may be requested or required to report of the Board of Directors.

In addition to Committee members, Committee meetings must be attended by the General Manager, the Chairman of the Board of Statutory Auditors or another Auditor delegated with such task; other Auditors may also attend.

At the invitation of the Committee Chairman, Committee meetings may be attended by top managers, the Compliance Officer, the Internal Auditor, the Risk Management Officer, the Anti Money Laundering Officer, the Heads of other corporate functions, the Manager in charge of Company's financial reports and any and all other persons whose presence is deemed useful in relation to the items on the Agenda.

In 2020, the Internal Audit and Risk Committee met 17 times, for an average of approximately 2 hours each time. In the year underway, a total of 12 Committee meetings are scheduled; from the beginning of the year to the date of this Report, 4 have been held.

During the meetings held in 2020, the Committee was invited to express its opinion, *inter alia*, on the following:

- (i) analysis of the quarterly Tableau de Bord and the related reports, submitted by control functions;
- (ii) assessment of the Internal Control System;
- (iii) analysis of the annual reports audits carried out by control functions at the subsidiaries;
- (iv) analysis of the annual report on activities outsourced and audit report on the checks performed in 2019 on the Operating Functions Outsourced (*FOD*);
- (v) check of the adequacy of the accounting policies followed in preparing the annual financial statements;
- (vi) Covid-19: update on the analysis of impacts of the 2020 health emergency, including the update on the stress test analysis on the business and capital in light of the spread of Coronavirus and disclosure on exposures subject to measures applied in response to the Covid-19 crisis;
- (vii) disclosure on the Internal Risk Assessment and be-

ginning of the update/revision of the Audit Plan following the outbreak of Covid-19;

- (viii) presentation of FARG-2019 Annual Financial Report;
- (ix) presentation of Pillar 3 public disclosures;
- (x) Contingency Funding Plan;
- (xi) risk update and RWA update; presentation of the 2020 ICAAP/ILAAP report, presentation of the update of recovery thresholds and updating of the 2021-2023 Risk Appetite Framework;
- (xii) examination of transactions with related parties and transactions of greater importance and quarterly disclosure on transactions with related parties and connected parties;
- (xiii) presentation of audit report on the IT security assessment;
- (xiv) presentation of the updates relating to internal regulations within one's own remit (including Internal Fraud Policy, IFRS 9 Policy, AML Policy, Equity Investment Management Policy, Equity Investment Management Policy; Group's regulations, Code on Relevant and Inside Information, Internal Dealing Code, Compliance Policy Internal Audit Policy of the Banking Group);
- (xv) updating of the succession plan (only for control functions).

The proceedings of each meeting, coordinated by the Chairman, were duly recorded in minutes.

All the 17 meetings held in 2020 were attended by all Committee members, as indicated in Table No. 2 contained in the Attachment sub 2) to this Report.

The Internal Audit and Risk Committee is afforded unhindered access to any and all the corporate information and functions it may deem necessary or useful for the proper discharge of its assigned tasks, and may also avail of outside consultants, if necessary. In order for the Committee to carry out its duties, a specific budget was allocated for the current year.

11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Board of Directors of Banca Generali adopted an organisational model for the Group's internal control system, under which so-called second- and third-tier control functions are centralised within the Parent Company.

This choice was made in order to meet the need for effective managerial, as well as technical-operating coordination that is as deep-reaching as the strong strategic coordination of group companies, achieved through the presence of representatives of the Parent Company on the governance and control bodies of subsidiaries.

As required pursuant to the Civil Code and the supervisory regulations for banks and, as recommended in the Corporate Governance Code, the Bank has therefore adopted an internal control system capable of continuously monitoring typical business risks.

The internal control system is a structured set of organisational functions, procedures and rules of conduct aimed at ensuring sound and proper corporate governance in line with pre-set targets, through adequate processes for identifying, measuring, managing and monitoring the main business risks. The system forms an integral part of the Company's operations and entails the involvement of all corporate structures and sectors, each of which is called upon to ensure constant and continuous risk monitoring, within the limits of its specific remit.

Within this framework, the Internal Control System fully complies with the provisions of Article 7 of the Corporate Governance Code and, moreover, is specifically designed to ensure sound and prudential corporate management of the Bank and the Banking Group, whilst at the same time reconciling the attainment of corporate targets, the proper and timely monitoring of risks and appropriate operating procedures.

Banca Generali S.p.A.'s Internal Control System was defined by the Company's Board of Directors and is regularly revised and amended to comply with the provisions of the Bank of Italy's Circular No. 285.

The Internal Control System consists of:

- (i) *checks involving the business lines*: systematic or periodic checks on samples of information, carried out by the heads of individual operating units with a view to ensuring the proper implementation of the activities effected by the same production structures, or incorporated into procedures, or performed as part of middle/back-office processes;
- (ii) *risk management checks*: checks carried out by the heads of individual operating units and the Risk and Capital Adequacy Department as part of the process of determining risk measurement methods, with a view to ensuring compliance with the thresholds assigned to the various operating functions, as well as in order to maintain the operations of individual production units in line with the risk/return targets set for specific types of risk (*inter alia*, credit, market or operating risk);
- (iii) *compliance checks*: checks carried out by the Compliance Department on the compliance of transactions

with statutory requirements, orders and instructions imposed under supervisory authorities and the Company's self-regulatory provisions;

- (iv) *checks regarding money laundering*: checks carried out by the Anti-Money Laundering Service on the compliance of transactions with statutory requirements, orders and instructions imposed under supervisory authorities and the Company's self-regulations;
- (v) *internal auditing*: checks carried out by the Internal Audit Department with a view to ensuring the completeness, adequacy, functionality and reliability of the overall Internal Control System and ICT system, checking and performing on-site audits of the regular conduct of operations and the evolution of risks, while also supporting company bodies, the Board of Directors, the Board of Statutory Auditors, the Internal Audit and Risks Committee and Top Management in defining the structure of the internal control and corporate governance system, as well as propose possible improvements areas within risk management.

The Company's Internal Control System is structured to ensure proper disclosure of information and adequate oversight of all the Banking Group's activities, with a view to promoting fairness and transparency of processes, in both form and substance, whilst also ensuring: the efficiency, traceability and auditing of transactions, and more in general, of all management activities; the reliability of accounting and management data; compliance with laws and regulations, and the protection of the integrity of the Company's assets, especially in order to prevent fraud against the customers, the Company and the financial markets.

The key principles underlying the Company's Internal Control System include:

- > the separation of roles in the performance of the main tasks involved in individual production processes;
- > the traceability and constant visibility of choices;
- > objective decision-making with regard to individual operating processes.

Responsibility for the Internal Control System, pursuant to applicable regulations, resides with the Board of Directors that is in charge of: (i) establishing the guidelines, strategic orientation and risk management policies pertaining to the internal control system; (ii) approving the Bank's organisational structure, ensuring that tasks and responsibilities are clearly and properly assigned, and periodically checking the adequacy and effectiveness of the said structure, further ensuring that the main corporate risks are identified and appropriately managed, that the control functions are endowed with sufficient autonomy and independence within the Company's organisation, as well as with adequate resources to ensure the proper functioning thereof.

The Board of Directors, with the support of the Internal Audit and Risk Committee, also carries out periodic assessments of the functioning, effectiveness and efficiency of the internal control system, taking timely corrective action in case of shortcomings and/or anomalies in the performance of the checks themselves.

In accordance with supervisory provisions, the internal control functions are independent of the other business operating functions, and report directly to the Board of Directors and the Board of Statutory Auditors on the results of their own activity at regular intervals.

On 25 September 2003, the Board of Directors appointed Francesco Barraco Head of the Internal Audit Function, effective 1 October 2003. His remuneration is examined each year by the Board of Directors, with the support of the Remuneration Committee and in concert with the Board of Statutory Auditors, and is in line with market best practices.

The Internal Audit Department: (i) performs assurance activities and submit potential improvements to the corporate bodies, with specific reference to the RAF, the risk management process and its risk measurement and control tools, as well as audit advisory activities; (ii) directly reports the assessments and evaluations results to the corporate functions; (iii) promptly and directly forwards to the corporate bodies all the results of the audits that have detected any areas of improvement or highlighted major deficiencies; (iv) provides guidance to the concerned Areas, Departments, Services and Organisational Units; (v) in drawing up procedures for managing and containing business risks, monitors the implementation of the said risk management procedures and measures, and, moreover, expresses its opinion on the effectiveness of the system in maintaining overall risk exposure within acceptable limits; (vi) submits the results of its activities to the Board of Directors, the Internal Audit and Risk Committee, the Chief Executive Officer and the Board of Statutory Auditors.

The Internal Audit Department performs said activities for Banca Generali and the Banking Group Companies, both under specific outsourcing agreements that govern the provision of the audit function, and in an institutional capacity as a function of the Parent Company of the Banking Group.

The auditing method, on which internal auditing activities are based, is defined under the Internal Audit Rules and the supervisory model, approved by the Board of Directors and constantly implemented in light of developments in oversight compliance and best auditing practices (CoSo Report, professional standards).

Pursuant to applicable regulations, by resolution of the Board of Directors of 12 October 2017, Matteo Canali was appointed Head of the Compliance and Anti-Money Laundering Department with effect as of the same date.

On 24 June 2015, the Board of Directors vested Antonio Bucci with responsibility for the Risk and Capital Adequacy Department, starting from 1 July 2015.

As already noted, in order to implement the Corporate Governance Code's recommendations regarding internal control and comply with the supervisory provisions in force, the Board set up within itself an Internal Audit and Risk Committee in charge, among other tasks, of completing all the preparatory activities required for the Board to properly undertake its internal control tasks (for further information, see "Internal Audit and Risk Committee", above).

Moreover, with regard to risks, the Chief Executive Officer and General Manager may also avail of the advice of the Risks Committee established by Board resolution of 23 September 2008 with a view to coordinating the Banking Group's risk management and control system, and identifying and implementing appropriate risk containment measures.

As recommended by the Corporate Governance Code and in compliance with the Bank of Italy's supervisory provisions, Article 8 of the Board Rules requires the Board to:

- (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, while also determining the degree to which such risks are compatible with a corporate management system 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;
- (iii) approve the working plans drafted by the Heads of the Compliance, Anti-Money Laundering, Internal Audit and Risk & Capital Adequacy functions and review the periodic *tableau de bord* 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.

In addition, pursuant to Article 52-bis, paragraph 1, of the TUB, which states that "*banks and the related parent companies [to] adopt specific procedures for the internal reporting by employees of conduct or events that could entail a breach of the rules regulating the banking industry*", and having acknowledged the implementing provisions issued by the Bank of Italy with publication of Circular No. 285, the Board has developed a procedure for personnel to report internally acts or events that could constitute a breach of the rules governing banking activity (Whistleblowing Procedure).

In relation to the obligations provided for under the above procedure, the Head of the Compliance and Anti-Money Laundering Department, Matteo Canali, was appointed Whistleblowing Manager.

In managing and coordinating the Banking Group as its Parent Company, the Bank also exercises:

- a) strategic control over the development of various business areas in which the Group operates, and the risks arising from the own securities portfolio. This type of control is aimed at monitoring the expansion of the business operations of Group companies, and their policies in terms of mergers, de-mergers and acquisitions. Strategic coordination is ensured primarily through presence of a certain number of persons appointed by the Bank's Board of Directors on the Board of Directors of group companies;
- b) operating control aimed at ensuring that the income statements, cash flows and balance sheet of both individual Group companies and the Group as a whole, are appropriately balanced. These checks are carried out mainly through the drawing up of plans, programmes

and budgets (for each group company and for the Group as a whole) and by analysing the quarterly performance, interim results and annual financial statements of each group company and of the Group as a whole, duly broken down by specific business sector, and with regard to the entire Group. Operations are coordinated by the Planning and Control Department,

- c) technical-operating control aimed at assessing the profiles of the various risks incurred by the Group as a whole as a result of the business operations of individual subsidiaries.

11.1 The Director in charge of the Internal Control and Risk Management System

The Board of Directors entrusted the Chief Executive Officer with the function of Executive Director in charge of overseeing the functioning of the internal control and risk management system.

The Chief Executive Officer defines, for the matters not falling within the Board of Directors' remit, operating policies and related risk control procedures, identifying and evaluating, including on the basis of management trends and departures from forecasts, any and all factors giving rise to risks. The Chief Executive Officer also assesses the functioning, effectiveness and efficiency of the internal control system, promoting the updating of the same from time to time.

The Chief Executive Officer shall, *inter alia*:

1. implement the corporate policies, strategic guidelines, Risk Appetite Framework and business risk governance policies defined by the Board of Directors, within the operational limits established by the latter, and with the contribution of the risk management function;
2. monitor on a continuous basis the implementation of the risk management process, ensuring its consistency with the risk appetite and risk governance policies, taking into account the changes in operating conditions both inside and outside the Bank;

3. facilitate the development and spread at all levels of the Bank of an integrated culture of risk;
4. ensure the information flows, as defined by the Board of Directors, aimed at ensuring that the corporate bodies and control functions are informed of the most relevant management events, including ensuring full knowledge and governability of risk factors and verification of compliance with the Risk Appetite Framework;
5. plan the actions necessary to ensure, on an ongoing basis, the completeness, adequacy, functionality and reliability of the internal control system, monitoring compliance with it on an ongoing basis;
6. ensure that the internal procedures, responsibilities and corporate structures and functions are defined, implemented and updated in order to avoid the unintentional involvement in money laundering and financing of terrorism; in this area, the Chief Executive Officer shall also: define the reporting procedure for suspicious transactions and other procedures aimed at ensuring the timely discharge of disclosure obligations to the authorities provided for in legislation governing money laundering and financing of terrorism; define the information flows aimed at ensuring that risk factors are known by all corporate structures involved and by the bodies with control responsibilities; approve training and education programmes of employees and external staff.

11.2 Internal Auditor

The Banca Generali S.p.A. Group's Internal Audit function reports directly to the Board of Directors and Board of Statutory Auditors of the Bank, while functionally coordinating with the Director in charge of the Internal Control and Risk Management System, to whom the second-tier control functions report.

The Internal Audit is an independent and objective function with assurance and advisory tasks intended, on the one hand, to supervise, from a third-tier standpoint and including through on-site checks, the regular course of operations and evolution of risks and, on the other, to assess the completeness, adequacy, functionality and reliability of the organisational structure and the other components of the internal control system, as well as to inform the company bodies of possible improvements, in particular to the Risk Appetite Framework, risk management process, and risk measurement and control instruments.

The Internal Audit function is charged with constantly and independently verifying that the internal control system is always complete, adequate, operational and reliable. The Internal Audit function assesses and contributes

to the improvement of the governance, risk management and control processes through a systematic professional approach.

The Internal Auditor:

1. verifies, both on an ongoing basis and in relation to specific needs, and in accordance with international standards, the suitability of the internal control and risk management system and its compliance and alignment with the business model, through a risk-based, process-oriented audit plan approved by the Board of Directors each year;
2. is not responsible for any operating areas and is not hierarchically answerable to them;
3. engages in constant dialogue with the Compliance & AML, Risk Management and IT Security functions;
4. is afforded direct access to any and all the information that may be useful for the performance of his duties;
5. is endowed with adequate resources for the performance of his assigned duties;
6. reports on his actions directly to the Internal Audit and Risk Committee, the Board of Statutory Auditors and the Board of Directors, preparing periodic reports

containing adequate information about his activity, the manner in which risks are managed and compliance with the plans defined to contain those risks. Specifically, he expresses an opinion on the adequacy of the internal control and risk management system in ensuring an acceptable overall risk profile;

7. prepares reports on events of particular significance in a timely manner, forwarding them to the bodies mentioned above;
8. verifies, as part of the audit plans, outsourced Critical or Important Functions, as well as the main ICT services provided by third parties which do not qualify as outsourced, including through direct access to outsourcers' premises;
9. provides advice on internal control, corporate governance and sustainability;
10. has a budget to refer to for completing his tasks and activities and conducting special training, as required by the standards.

During the year, internal audit activity contributed to reinforcing the risk control and management system and attention was focused on the following aspects:

- a) compliance with regulations and internal procedures on the prevention of money-laundering;
- b) expansion of policies in areas related to the banking group's core businesses;
- c) management of data to ensure that security, quality and governance requirements are met;
- d) prevention and management of fraud;
- e) correctness of administrative and accounting data;
- f) interrelations between the CRO and CFO functions for a pro-active approach to implementing and updating the Strategic Plan and RAS.

Main features of the Company's risk management and internal control systems related to the financial reporting process (pursuant to Article 123-*bis*, paragraph 2, letter b), of TUF)

Foreword

With reference to the financial reporting process adopted by the Bank (the "**System**"), the risk management and internal control system is part of the Company's broader Internal Control and Risk Management System described in the previous section.

The System addresses the issues of internal control and risk management arising in respect of the financial reporting process, from an integrated perspective, with a view to identifying, assessing and containing the so-called financial reporting risks (*i.e.*, risks of errors leading the annual financial statements, the condensed half-yearly financial statements, the consolidated financial statements and/or any other financial disclosures and filings to reflect a view of the balance sheet, income statement and/or cash flow that cannot be described as true and/or fair) to which the Company and the Group are exposed.

The System is thus intended to guarantee the reliability, accuracy and timeliness of financial reports. To this end, the Bank created a financial reporting risk model consisting of principles and rules that aim to guarantee an adequate administrative and accounting system, in part by ensuring the availability of operating procedures and

instructions.

The **Manager in charge of the Company's financial reports** of Banca Generali works within this framework. The Manager is charged by Italian Law No. 262 of 28 December 2005 ("**Law 262**") with the critical task of ensuring the reliability of accounting documents and availability of adequate administrative and accounting procedures for listed companies based in Italy.

The Manager in charge of the Company's financial reports is responsible for defining the methodological and organisational aspects of adopting the financial reporting risk model within the Company and Group to the extent of the powers and means granted to him/her under paragraph 4 of Article 154-*bis* of TUF.

The financial reporting risk model adopted is based on a process developed by the Company in accordance with the following reference frameworks, which are generally recognised and accepted internationally:

- (i) the CoSO (Committee of Sponsoring Organisation of the Treadway Commission). *Internal Control — Integrated Framework*, released in 1992, which defines guidelines for assessing and developing an internal control system. With reference to the CoSO Framework, the model refers to the component of the internal control system concerning the processes of collection, processing and publication of financial information flows (financial reporting);
- (ii) CObiT (Control Objective for IT and Related Technology, built by the IT Governance Institute based on the CoSO Framework), which provides specific IT guidelines and can be used together with ITIL (Information Technology Infrastructure Library, a framework already used by the Group) and ISO/IEC 27001 (International Organisation for Standardisation/International Electrotechnical Commission).

Within the Group, the financial reporting risk model has been extended to companies identified as relevant in the context of the model ("**Companies within the Scope of Application**"). In particular, the Companies within the Scope of Application adopt a financial reporting risk model that is consistent with the model used by the Company so as to create a uniform system throughout the Group. The models are then amended to incorporate the changes indicated from time to time by Banca Generali's Manager in charge of the Company's financial reports.

Key characteristics of the existing risk management and internal control system as it relates to the financial reporting process

The key characteristics of the financial reporting risk model adopted by Banca Generali are summarised below, with particular reference to: (A) phases of the model; (B) functions involved in the model and their respective roles, and information flows.

(A) Phases of the financial reporting risk model

The different phases of the financial reporting risk model were defined by the Company based on the reference framework identified. In detail, the model may be divided into the following phases: (i) identification and assessment

of financial reporting risks, (ii) identification and assessment of controls for mitigating identified risks.

(i) Identification and assessment of financial reporting risks

To identify and assess financial reporting risks, the Company identifies the relevant Banking Group companies and significant information (consolidated accounts and company-wide processes), considering both quantitative and qualitative elements. The Companies within the Scope of Application are those that, in considering the relationships between assets, revenues and profit or loss of the individual companies and consolidated balances, exceed specific limits established by best market practice (in 2020, in addition to Banca Generali, Generfid and BGFML, such companies also included BG Valeur). In relation to the consolidated accounts, significance is determined based on the guidelines generally used in audit procedures. Processes are considered significant and therefore subject to analysis if, from an accounting perspective, they have a potential impact on the consolidated accounts. All processes involved in period-end reporting are included, in any event, in the scope of processes to be analysed. All significant processes must be subjected to testing at least on an annual basis. The scope of analysis is revised at least annually or when warranted by changes in the Group's structure.

(ii) Identification and assessment of controls for mitigating identified risks:

the financial reporting risk model includes the following types of controls: (a) company-level; (b) process-level; (c) information technology.

The structure of the controls is designed so as to allow adequate identification and assessment and is based on four main characteristics:

- 1) the performance time profile: the controls may be preventive or detective;
- 2) the mode of performance: manual or automatic;
- 3) the nature (namely the structural characteristics): authorisation, reconciliation, management review, etc.;
- 4) frequency (i.e., time interval of controls): weekly, monthly, quarterly, etc.

Control analyses include a phase in which the adequacy of the design is evaluated (ToD) and a phase in which the actual application is evaluated (ToE) according to specific methods for each type of control. If during the ToD and ToE phases shortcomings are identified in the management of financial reporting risk, the appropriate corrective measures or actions are determined. The implementation of corrective measures or actions is constantly monitored by the Manager in charge of the Company's financial reports.

(a) Company-level controls

The goal of company-level controls is to ensure the existence of an organised, formal company structure designed to reduce the risk of improper conduct through adequate governance systems, standards of conduct based on ethics and integrity, efficient organisational structures, clarity in the assignment of powers and responsibilities, adequate risk management policies, employee disciplinary systems,

efficient codes of conduct and fraud-prevention systems. Adequacy assessments focus on ensuring the existence and dissemination of the appropriate tools (such as policies, codes, rules, service rules, etc.) used to identify rules of conduct applicable to the corporate workforce. The next phase involves evaluating the actual application of the aforementioned rules.

(b) Process-level controls

Process-level controls are carried out at a more detailed level than company-level controls and are aimed at mitigating financial reporting risk through controls included in the Company's operating processes. Assessments of control adequacy are carried out by identifying company processes, determining the key controls used to manage financial reporting risk and evaluating the appropriateness of such controls in mitigating this risk. Efficiency assessments involve verifying the actual and correct execution of controls and the adequacy of related documentation.

(c) Controls on Information Technology (IT)

IT controls focus on processes associated with managing and handling information stored in the IT systems used to create the financial statements. Specifically, analyses are performed on controls concerning software purchases and maintenance, physical and logical security management, application development and maintenance, completeness and accuracy of system data, IT risk analysis and information system management. As for the applications used to create the financial statements in relation to business processes, as well as period-end reporting, analyses focus on evaluating the adequacy of controls as they pertain to the key best practices and reference frameworks used and on ensuring that controls remain functional according to standardised methodologies. The analyses also evaluate the efficiency of the main automatic controls (ITAC — IT Application Controls) performed by applications as part of major processes.

(B) The functions involved in the model, their roles and the information flows

Consistent with the internal control and risk management system adopted by the Company, the financial reporting risk model engages the corporate bodies and operating and control units in an integrated management approach based on the various levels of responsibility so as to guarantee the model's ongoing adequacy.

The Board of Directors, with the support of the Internal Audit and Risk Committee, ensures that the model enables the identification, assessment and control of major risks, at both the Company and Group level, through the definition of strategies and general internal-control and risk-management guidelines. In compliance with applicable legislation, the Board also ensures that the Manager in charge of the Company's financial reports has the necessary means and powers to perform the duties assigned to him/her under Italy's Law 262.

The Manager in charge of the Company's financial reports is responsible for implementing, maintaining and monitoring the financial reporting risk model in compliance with the strategies defined by the Board of Directors.

Accordingly, he/she is responsible for evaluating the adequacy and actual implementation of administrative and accounting procedures and their appropriateness to present a true and fair view of the assets, liabilities, profit or loss and financial position of the Company and Group. In fulfilling these responsibilities, the Manager in charge of the Company's financial reports is supported by a special unit (Law 262 Organisational Unit) that is charged with the task of coordinating all activities necessary for the correct performance of the duties assigned to him. The Unit also serves as a point of reference for the entire Group as regards the management of administrative and accounting risks through guidance and coordination activities, and the management of tests on key controls entrusted with independent auditors.

Banca Generali's Regulations and Organisational Analysis Service is responsible for mapping the Company's processes, and therefore also the administrative and accounting processes of the Group companies; it ensures that the information and documentation pertaining to such processes is constantly kept up-to-date.

Through the application of a risk-oriented approach, the Internal Audit Department, in concert with independent auditors, conducts periodic efficacy assessments on the procedures and their related controls, with regard to the administrative and accounting processes, the IT applications relevant for administrative and accounting purposes and ITAC controls (automatic controls). Every six months, the Internal Audit Department submits an assurance report to the Manager in charge of the Company's financial reports and the Internal Audit and Risk Committee.

The Compliance function is responsible for checking and assessing the appropriateness and effectiveness of administrative and accounting processes, with a view to ensuring compliance with any and all applicable regulatory provisions governing the performance of any and all the services offered by the Banking Group, especially so as to minimise the risk of non-compliance.

Process Risk Owners (heads of the Company's and Group's individual Services/Departments) are in charge of managing one or more major processes in accordance with Law 262. They are responsible for ensuring that the documentation system put in place by the Group's dedicated units is consistent with actual operations. This is achieved by promptly communicating changes that have been made and implementing corrective actions designed to address any shortcomings found and ensuring the execution of self-tests.

Furthermore, if key activities and/or controls that are the responsibility of a Department/Service/Organisational Unit other than that of the Process Risk Owner are identified within a process, a Process Owner is appointed with the duty and responsibility of ensuring that operations are consistent with the company procedure phase. Moreover, the Control Owner is responsible for individual controls within his remit.

The Company also developed — through a special circular related to all Group companies — a documentation system that ensures that all corporate bodies and functions with specific tasks within the internal control and risk management system work together to complete their respective duties.

The activities, information and documents included in the financial reporting risk model are managed using IT applications that are shared with other control functions.

The Manager in charge of the Company's financial reports informs the Board of Directors on a regular basis about the activities carried out in exercising his/her functions.

The Manager in charge of the Company's financial reports informs the Board of Directors on a regular basis about the activities carried out in exercising his/her functions.

11.3 Organisational Model pursuant to Legislative Decree No. 231/2001

Legislative Decree No. 231 of 8 June 2001 introduced the principle that corporations may be held liable for specifically listed offences committed or attempted in their interest and/or for their benefit by individuals entrusted with corporate representation, administration and management, or individuals subjected to the management or oversight of one of the latter.

The above-mentioned Decree provides for exemption from this form of liability in the case of entities which have adopted and effectively implemented organisational and management models designed to prevent the aforesaid offences.

The adoption of an Organisational and Management Model (hereinafter the "**Model**") is not an obligation, but a right, that the Company has decided to exercise in order not only to restructure and formalise, where necessary, a system of preventive checks aimed at avoiding conduct entailing administrative liability for the Company pursuant to the above-mentioned Decree, but also to ensure the Company's own integrity, while also boosting the effectiveness and the transparency of corporate operations.

In line with its long-standing commitment to developing and implementing a corporate governance system compliant with the highest standards of business ethics pursued and also ensuring an efficient operating performance, the Bank adopted — by Board of Directors' resolution passed on 19 June 2006 — the Company's Organisational and Management Model, drawn up and implemented in light of the Company's specific operating conditions and requirements. The aforesaid Model must be constantly updated to bring it in line with any changes in the relevant regulatory framework. A copy of the Model is available on the website www.bancagenerali.com.

Apart from meeting all the necessary formal requirements, the Model fully achieves, even in substance, the aforesaid main goal underlying its adoption and aims at preventing from all types of offences contemplated in the aforementioned statutes. The Model is complemented by regulations and corporate rules, is made up of a structured set of principles, rules, provisions and organisational layouts pertaining to the management and oversight of business operations. It is contained in an illustrative document that sets forth the rules that make it impossible for the offences to be committed without fraudulently violating the model.

In accordance with the provisions of the aforesaid Decree, the tasks of supervising compliance with the Model and updating the same must be entrusted to an independent and qualified body set up within the entity, and endowed with autonomous powers of initiative and oversight.

In this regard, the regulations applicable to the Company provide precise rules for the assignment of the role of Supervisory Board, which was previously based on internal assessments and the guidelines proposed by industry associations. According to Article 6, paragraph 4-*bis* of Legislative Decree No. 231/2001, as introduced by Article 14, paragraph 12, of Law No. 183 of 12 November 2011 (“Provisions for preparing the annual and multi-year state budget — 2012 Stability Law”), corporations are now authorised to assign this role to the Board of Statutory Auditors. In addition, Bank of Italy Circular No. 285 provides that the body with control function (i.e., the Board of Statutory Auditors in the governance system adopted by the Company) generally also carries out the functions of the supervisory board.

The Corporate Governance Code approved by the Borsa Italiana S.p.A. also shows a recommendation for assigning the tasks of the Supervisory Board to the Board of Statutory Auditors.

In light of the foregoing, the Board of Directors of Banca Generali, on 1 April 2014, resolved to identify the Board of Statutory Auditors as the body entrusted with the Supervisory Board’s functions, concurrently attributing to the latter all necessary powers to carry out the aforesaid functions.

11.4 Independent Auditors

On 23 April 2015, the General Shareholders’ Meeting resolved to entrust the statutory auditing of the Company’s accounts for the years ended on 31 December 2015 through

The General Shareholders’ Meeting of 23 April 2015 made the necessary amendments to Banca Generali’s Articles of Association to allow perfect alignment between the legal requirements for being a member of a listed bank’s Board of Statutory Auditors and those required to perform a Supervisory Board’s functions, as well as to provide reciprocal grounds for removal of a Statutory Auditor and Supervisory Board member from office.

The Board meeting of 12 April 2018, after verifying the requisites regarding integrity and professionalism and the significant incompatibility situations for purposes of serving in office, appointed the Board of Statutory Auditors to perform the function of Supervisory Board, hence composed of the current members of the Board of Statutory Auditors, namely the Chairman of the Board of Statutory Auditors, Massimo Cremona, Acting Auditor Mario Francesco Anaclerio and Acting Auditor Flavia Daunia Minutillo.

Furthermore, the following remuneration was established for the members of the Supervisory Board:

- > 20,000 euros gross per year for the Chairman of the Supervisory Board, identified in the Chairman of the Board of Statutory Auditors;
- > 15,000 euros gross per year for each of the other members of the Supervisory Board, identified in the Acting Auditors.

In carrying out its tasks, the Supervisory Board is also to avail of the support of other corporate functions, especially the Compliance function.

to 31 December 2023 to the accounting firm BDO Italia S.p.A.

11.5 Manager in Charge of the Company’s Financial Reports

Article 154-*bis* of TUF, introduced by Law No. 262 of 28 December 2005, requires *inter alia*:

- a) the Manager in charge of the Company’s financial reports to issue a written statement attesting that any and all notices and information the Company discloses to the market in respect of its annual and/or interim financial reports correspond to the documentary results, books and accounting records;
- b) the Manager in charge of the Company’s financial reports and the delegated Administrative Bodies to issue a joint written statement to be attached to the annual financial statements, the condensed half-yearly financial statements, and, where applicable, the consolidated financial statements, certifying the appropriateness and effective implementation of all relevant accounting and administrative procedures during the accounting reporting period, as well as warranting that all the related accounting documents were prepared in accordance with the international accounting principles generally accepted and applied within the European Union, and, accordingly faithfully reflect the contents of the Company’s accounting books and records, with the result that the said accounting documents may be deemed to

provide a true and fair view of the balance sheet, income statement and cash flow statement of the Company and the Group. Moreover, with respect to the annual financial statements and the consolidated financial statements, the said written statement shall certify that the related Directors’ Report on Operations includes a reliable analysis not only of business trends and operating results, but also of the situation of the issuer and all the companies included in the scope of consolidation of the reporting entity, together with a description of the main risks and uncertainties to which they are exposed, as well as, in respect of the condensed half-yearly financial statements, that the related interim Directors’ Report comprises a reliable analysis of the information mentioned in paragraph 4 of Article 154-*ter* of TUF;

- c) the Board of Directors to oversee the appropriateness of the powers and resources made available to the Manager in charge of the Company’s financial reports and the proper implementation of “administrative and accounting procedures.”

Pursuant to Article 23, paragraph 3, of the Articles of Association, the Board of Directors, after consultation with the

Board of Statutory Auditors, has the power to appoint and dismiss the Manager in charge of the Company's financial reports, in compliance with Article 154-*bis* of TUF, establishing the powers and resources of the same.

Paragraph 4 of the same Article provides that the said Manager shall be selected from amongst the company executives in possession of the following professionalism requisites:

- > professional experience for a suitable length of time or, in any event, of no less than three years, in activities of administration, management or control or professional activities in the banking, insurance and financial sectors; or
- > specific know-how in the field of financial reporting and accounting, in respect of listed issuers or their subsidiaries and in the management or oversight of related administrative procedures, acquired over at least five years of experience in positions of responsibility for operating structures within the company, the group or other comparable corporations or entities in terms of business sector and organisational structure.

The rule also states that the Manager in charge of the Company's financial reports must possess the integrity requisites provided for by current legislation for appointment to statutory offices, and that removal from office will ensue if these requisites cease to exist.

Pursuant to the Articles of Association, and having heard the opinion of the Board of Statutory Auditors, the Board of Directors appointed Tommaso Di Russo to serve as Manager in charge of the Company's financial reports, within the meaning of Article 154-*bis* of TUF, having ensured that he was fit and proper for such appointment within the meaning of Article 23 of the Articles of Association, and determining the powers and resources to be made available to him for the discharge of his assigned duties.

Tommaso Di Russo is the head of the CFO & Strategy Area (i.e., the area managing all the activities related to economic, commercial and strategic planning, those regarding finance issues and those of an accounting-administrative nature, as well as the 262 Organisational Unit) and is tasked with ensuring the proper and timely preparation of the Company and the Banking Group's accounts, as well as discharging related accounting and regulatory formalities, and drawing up financial reporting and tax compliance guidelines and policies in line with corporate strategies and targets.

The Board of Directors also granted Tommaso Di Russo, Head of the CFO & Strategy Area and assigned the role of Manager in charge of the Company's financial reports, the following powers, which are to be exercised, under his sole signature, in accordance with the general directives imparted by the Board of Directors and the guidelines established by the Chief Executive Officer and General Manager, as well as in the context of the strategies of the Banking Group in question and budget plans, it being understood that the said powers will be extinguished upon the end of his term of office as Head of CFO & Strategy Area and Manager in charge of the Company's financial reports:

Organisation and general functions

1. coordinating and supervising the activities of the Departments and Services that report to his Area of competence, reporting on the results and activities of those departments and services;
2. implementing Board resolutions, concerning the areas falling within his remit, in accordance with the guidelines set by the Chief Executive Officer together with the General Manager (where the positions of Chief Executive Officer and General Manager do not coincide);
3. in accordance with the guidelines established by the Board of Directors and the General Manager (where the positions of Chief Executive Officer and General Manager do not coincide), with regard to the areas falling within his remit, proposing measures designed to ensure the optimal organisation of the activities of the Company's offices reporting to their Area on the results and activities of the same, on the basis of functional criteria that, by breaking down tasks, allow for concurrent and subsequent checks and, in any event, the determination of individual responsibilities;
4. recommending, with regard to the activities falling within his remit, the duties and assigned tasks of personnel at offices, in accordance with the guidelines established by the Board of Directors together with the General Manager (where the positions of Chief Executive Officer and General Manager do not coincide);
5. supporting the Chief Executive Officer and/or General Manager with the preparation of proposals concerning the three-year strategic plan and annual budget;
6. supporting the Chief Executive Officer and General Manager with the preparation of proposals concerning the draft financial statements and consolidated financial statements, as well as interim financial reports;
7. as Manager in charge of the Company's financial reports, pursuant to Article 154-*bis* of Legislative Decree No. 58/1998, ensuring that any and all notices and information the Company discloses to the market in respect of its annual and/or interim financial reports are accompanied by a written statement issued by him that attests that the said notices and information correspond to the documentary results, books and accounting records;
8. as Manager in charge of the Company's financial reports, pursuant to Article 154-*bis* of Legislative Decree No. 58/1998, drawing up suitable administrative and accounting procedures for the preparation of the annual and consolidated financial reports, as well as any and all other financial notices;
9. as Manager in charge of the Company's financial reports, pursuant to Article 154-*bis* of Legislative Decree No. 58/1998, certifying, in a specific report drawn up in accordance with the form established by Consob and attached to the annual financial statements, the condensed half-yearly financial statements and the consolidated financial statements, the appropriateness and proper application of the procedures mentioned in the preceding point, during the period of reference of the financial statements in question, further attesting that the latter provide a true and fair view of the balance sheet, profit and loss account and cash flow statement of the issuer and all the companies included in the scope of consolidation;
10. certifying that the documents were drawn up in accordance with the international accounting principles applicable within the European Community pursuant

to Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002;

11. certifying that the Directors' Report on Operations attached to the annual financial statements and the consolidated financial statements includes a reliable analysis of the business trends, operating result and financial situation of the issuer and all the companies included in the scope of consolidation of the reporting entity, as well as a description of the main risks and uncertainties to which the latter are exposed;
12. certifying that the interim Directors' Report on Operations attached to the condensed half-yearly financial statements includes a reliable analysis of the information mentioned in Article 154-ter, paragraph 4, of Legislative Decree No. 58/1998;
13. assuming any commitment, including of an economic nature, and undertaking whatsoever else that may be necessary for discharging the tasks mentioned in Article 154-bis of Legislative Decree No. 58/1998;
14. within the limits of his responsibilities, supporting the Chief Executive Officer and/or General Manager in dealings with any and all public authorities and bodies, the Bank of Italy and Consob, as well as any and all national and international entities and organisations;
15. exercising the powers granted to him from time to time in the context of his responsibilities by the Regulations adopted by the Bank and all other powers granted to him on an ongoing basis or from time to time by the Board of Directors and/or the Chief Executive Officer and/or General Manager.

Finance

1. recognising among "losses" all the expenses incurred by the Company due to employees' errors up to a maximum amount of 10,000.00 euros by single signing authority for each transaction performed autonomously, without prejudice to the provisions of the Finance Rules and the Process Limits and Escalation Regulation governing the management of the errors account, as in effect from time to time;
2. for the areas falling within his remit, effecting any and all transactions with the Public Debt Office, Cassa Depositi e Prestiti, the Bank of Italy, Monte Titoli, the Italian Inland Revenue Service, and any and all other bodies, in order to collect any and all securities, monies and other receivables, and issuing valid receipt in respect of the same;
3. submitting to the Board of Directors proposals concerning proprietary investments;
4. performing all activities associated with this function within the framework of the limits of autonomy established by the Finance Rules and the Process Limits and Escalation Regulation in effect from time to time;
5. in accordance with the guidelines established by the Board of Directors and the Chief Executive Officer and/or General Manager, as well as all provisions set forth by the Finance Rules and the Process Limits and Escalation Regulation in force from time to time, carrying out the following investment transactions, signing, amending and terminating, on behalf of Banca Generali S.p.A., the contracts provided for on financial markets, including, without limitation, contracts governing derivatives operations (ISDA with credit support annexes, terms of business for futures, give-up agreements and similar instruments), repurchase agreement

contracts (including GMRA and GMSLAs), clearing agreements and securities lending agreements (including ISLA agreements);

Lending and banking operations

1. as limited to use of the Company's accounts for transactions relating to *i*) supply arrangements for goods and services, *ii*) arrangements with individuals, and *iii*) arrangements with legal persons outside SEPA, undertaking all transactions drawing on the Company's accounts and in particular making withdrawals in general, writing, where necessary, the related cheques or equivalent instruments drawn on cash balances according to the following methods and limits:
 - a) by single signing authority, for transactions up to 50,000.00 euros;
 - b) by joint signing authority with another Head of Department/Area, for amounts of more than 50,000.00 euros and up to 100,000.00 euros;
 - c) by joint signing authority with either the Chief Executive Officer/General Manager or Deputy General Manager for amounts over 100,000.00 euros.

Transactions relating to the following are excluded from the above methods and limits:

- > intragroup arrangements;
- > arrangements with banks, insurers, brokers and asset management companies;
- > arrangements with clearing houses;
- > arrangements included in the "accounts payable process";

which are subject to the limits and methods established by internal regulations in effect from time to time.

Legal

1. bringing, defending and resisting legal action at any and all instances and degrees, before any and all national, Community or foreign ordinary, administrative and taxation courts, with the right to retain and dismiss counsel, making filings and motions, lodging complaints and claims, as well as proceeding at arbitration and filing claims and/or settling any and all disputes — in the latter case by single signing authority up to the maximum amount of 300,000.00 euros per dispute, and without limits by joint signing authority by the Chief Executive Officer and/or General Manager, without prejudice to the provisions set forth in respect of lending;

Administration

1. for the purposes of discharging the tasks and/or exercising the powers mentioned in Article 154-bis of Legislative Decree No. 58/1998, availing of the collaboration of other corporate functions (including the Internal Audit Department), should intervention by the latter be deemed necessary or even merely useful towards such end;
2. signing, on the behalf and in the name of the Company, any and all ordinary correspondence and deeds pertaining to the exercise of the powers assigned;
3. within the framework of the budget approved by the Board of Directors, covering the Company's current

expenses, within its remit, and in any case by single signing authority for amounts up to 100,000 euros for each transaction;

4. within the framework of the budget approved and up to the limits of his responsibilities, with a threshold of 100,000.00 euros for each individual asset, acquiring, disposing of or bartering moveable assets, including those subject to registration, as well as collecting amounts due by way of prices and delegating, in whole or in part, the payment thereof, and exercising the power to authorise payment by instalments with or without mortgage guarantees or hypothecation;
5. within the framework of the approved budget and within his remit, negotiating and entering into, amending and terminating lease agreements, tender agreements, as well as agreements for rental, maintenance, supply, insurance, carriage, loan for use, security and transport services for cash and cash equivalents, brokerage, intermediation, advertising, agency and deposit services, as well as entering into commitments for the supply of tangibles, the acquisition of intangibles, and the provision of services rendered by third parties or consultants or other professionals, up to the ceiling of 100,000.00 euros per transaction or provision of services, it being understood that, in the case of multi-year transactions the aforesaid ceiling shall apply on a per

annum basis, provided that the said multi-year transactions do not extend over more than three years, and further provided that the aforesaid thresholds shall not apply to contracts with ordinary utilities companies providing essential services (electricity, telecommunications, etc.), or payments required pursuant to law;

6. representing the Company before any and all offices of the Financial Administration and effecting any and all tax filings and related formalities; resisting tax assessments and audits and settling tax disputes up to the maximum amount of 300,000 euros and within the limits of his responsibilities;
7. granting proxies to one or more Company employees, the completion of specific tasks or categories of tasks that fall within the scope of the powers conferred on him pursuant to the foregoing points, establishing, in advance, the limits to the powers thus delegated.

In order to fully comply with the regulation in question, the initiative known as the FARG — Financial Accounting Risk Governance Project has been implemented since early 2007. The previous section “*Key characteristics of the existing risk management and internal control system as it relates to the financial reporting process*” provides further information on FARG.

11.6 Coordination amongst parties involved in the internal control and risk management system

Methods of coordination between the various parties involved in the internal control and risk management system have been established with the aim of avoiding overlapping and ensuring complete coverage of the various risks. Efforts to this end included the following:

- (i) setting up of the Risks Committee, a collegial body including the Chief Executive Officer and General Manager, the Deputy General Manager Wealth Management Markets & Products, the Heads of the control functions, the Head of the CFO & Strategy Area and the General Counsel;
- (ii) collegial meetings were planned between the Board of Statutory Auditors and the heads of control functions, also in conjunction with the preparation of the activity plan;
- (iii) a specific Circular was issued concerning the coordination of activities between Internal Audit, Compliance, Anti-Money Laundering and Risk Management and all other control functions, with the aim of formulating an effective activity plan, while respecting the independent authority of each;
- (iv) the Boards of Statutory Auditors of Group companies periodically hold joint meetings;

- (v) the Board of Statutory Auditors participates in the meetings of the Internal Audit and Risk Committee, the Remuneration Committee and the Nomination, Governance and Sustainability Committee;
- (vi) the Board of Statutory Auditors has been acting as Supervisory Board since 1 April 2014;
- (vii) the various control functions perform the necessary analyses jointly on specific projects and subjects.

In addition, the Control Functions of the subsidiary and the corresponding Control Functions of Banca Generali (Internal Audit, Compliance, Anti-Money Laundering and Risk Management) engage in ongoing functional coordination to foster the tangible performance of the management and coordination function assigned to the parent company, Banca Generali, without prejudice to the hierarchical reporting of the said Control Functions to their respective Board/CEO/General Manager.

For information concerning the other parties involved in the internal control and risk management system, refer to Chapter 11.1, Internal Control and Risk Management System.

12. DIRECTORS' INTERESTS AND RELATED PARTY AND CONNECTED PARTY TRANSACTIONS

In accordance with Article 2391-*bis* of the Civil Code, the Regulations containing provisions relating to transactions with related parties (adopted by Consob by resolution No. 17221 of 12 March 2010, as amended by resolution No. 17389 of 23 June 2010), Bank of Italy Circular No. 263 on risk assets and conflicts of interest of banks and banking groups with Connected Parties and Bank of Italy Circular No. 285, Banca Generali's Board of Directors has approved the first version of its "Procedure for Related Party and Connected Party Transactions and Transactions of Greater Importance", which entered into effect on 1 January 2011 and was last updated with effect from 15 May 2017. The procedure is intended to implement Consob and Bank of Italy regulations, by adopting, for all Banking Group companies, rules on Transactions with Related Parties and Connected Parties and Transactions of Greater Importance, governing the related investigation, approval, reporting and disclosure activities.

In detail, Bank of Italy Circular No. 263 introduced new industry-wide regulations governing risk-taking and conflicts of interest in respect of Connected Parties (Title V, Chapter 5, of the said Circular). These provisions are aimed at containing the risk that the closeness of certain persons to the Bank's decision-making centres could compromise the objectivity and impartiality of decisions pertaining to the approval of loans and other transactions involving the said persons, and potentially give rise to distortions in the resource-allocation process, expose the Bank to risks that are not adequately measured or monitored, and/or result in harm and losses to depositors and shareholders.

In pursuit of this objective, the aforesaid regulatory provisions include within the scope of the term "Related Parties", first and foremost, the company top management, main shareholders and other persons in a position to control or significantly influence the bank management, whether to be exercised individually or jointly with others. The regulatory provisions specify that conflicts of interest might emerge even in course of business and other dealings, especially industrial in nature, with subsidiaries or entities over which the Bank exercises significant influence, or in respect of which the Bank is significantly exposed pursuant to loans, and/or as a result of participating interests held in the same.

Under the aforesaid provisions, any related party and any and all persons thereto connected fall within the scope of the definition of the term "connected parties", all of which are subject to quantitative restrictions and procedural rules imposed under the said regulatory framework. The quantitative restrictions consist in the imposition of prudential limits on the amount of risk a bank or banking group may assume in respect of the said parties, it being understood that the related ceilings are differentiated on the basis of the type of related party in question, with a view to ensuring proportionality with the closeness of the ties and the repercussions of associated risks in terms of sound and prudent business management. In light of the greater risks associated with conflicts of interest in bank-industry relations, more stringent limits are envisaged for risk

activities carried out with related parties qualifying as non-financial entities. The regulatory framework is completed by supplementing prudential restrictions with procedural requirements entailing specific decision-making steps designed to ensure the proper allocation of resources and adequately protect third parties against undue harm and losses. Moreover, specific guidelines relating to organisational arrangements and internal controls enable the identification of corporate bodies' responsibilities and corporate functions' tasks with respect to the objectives of conflicts of interest prevention and management, as well as the obligations for identifying the Connected Parties and for monitoring exposures over time.

The Procedure applies to Related Party Transactions and Connected Party Transactions that:

- a) are to be effected in exercise of the Company's powers of management and coordination over subsidiaries within the meaning of Article 2359 of the Civil Code; and
- b) pursuant to the system of delegated powers currently in force, are subject to prior assessment and approval by the Company.

Authorisation must be obtained from the Company in any event for any and all Highly Significant Related Party Transactions or Connected Party Transactions to be effected by Italian or foreign subsidiaries within the meaning of Article 2359 of the Civil Code.

To ensure full and proper disclosure of any and all Related Party and Connected Party Transactions and Transactions of Greater Importance effected by the Company, the Procedure also requires:

- (i) the Company's Board of Directors to include an account of all related party and connected party transactions concluded during the year, including through subsidiaries, in the Directors' Report on Operations pursuant to Article 2428 of the Civil Code;
- (ii) the decision-making body through the Chief Executive Officer and General Manager to report to the Board of Directors, as well as the Board of Statutory Auditors in respect of the performance of any and all Moderately Significant Related Party and Connected Party Transactions and Transactions of Greater Importance, at least on a quarterly basis;
- (iii) the Chairman of the Board of Directors to ensure that adequate information on all Moderately Significant Related Party Transactions pertaining to the Board of Directors and all Highly Significant Related Party Transactions is made available not only to all Directors in compliance with Article 2381 of the Civil Code, but also to the Board of Statutory Auditors;
- (iv) the Board of Statutory Auditors to monitor compliance with the provisions of the above-mentioned Procedure and submit a report in such regard to the Shareholders' Meeting pursuant to Article 2429, paragraph 2, of the Civil Code and Article 153 of TUF.

Moreover, since Banca Generali belongs to the Generali Group, any and all transactions effected with related par-

ties of the parent company Assicurazioni Generali must be identified and managed in accordance with the provisions of the Procedures adopted by Assicurazioni Generali in such regard, with the result that in certain cases, the said transactions may be subject to prior approval by the Parent Company.

The Procedure for Related Party and Connected Party Transactions and Transactions of Greater Importance is available on the corporate website (www.bancagenerali.com), section “Governance — Corporate Documents — Company Regulations”.

In order to duly implement the above-mentioned regulatory framework, on 18 December 2012, Banca Generali’s Board of Directors also approved the “Internal Policies Governing Controls of Risk Assets and Conflicts of Interest in Relation to Connected Parties”. These Policies were most recently updated by the Board of Directors on 9 May 2017.

The said “Policies”, *inter alia*:

- (i) require risk-appetite levels to be maintained in line with the strategic profile and organisational features of the Bank or Banking Group, it being understood that the risk appetite is also defined in terms of the maximum risk exposure towards connected parties that may be considered acceptable in light of regulatory capital requirements, taking due account of the cumulative risk assumed in respect of the sum total of connected parties;
- (ii) without prejudice to Banca Generali’s existing rules and regulations with regard to conflicts of interests, set forth specific provisions governing business dealings with connected parties, and the sectors of operations and types of economic relationships involved, which, whilst not necessarily entailing risk-taking, could give rise to conflicts of interest;
- (iii) regulate organisational processes designed to identify and individually list all connected parties, duly recording and quantifying any and all transactions effected with the same, at all stages of the relationship;
- (iv) require the implementation of checks and monitoring procedures designed to ensure that risks are properly assessed and managed throughout the course of dealings with connected parties, and that internal policies are appropriately designed and effectively enforced.

Obligations of Company Officers and Executives Pursuant to Legislative Decree No. 136 of TUB

With regard to the obligations binding on company officers and executives of banks, it must be borne in mind that pursuant to Article 136 of the TUB, “*all the persons tasked with administrative, managing and control functions within a bank are barred from assuming obligations and/or effecting, directly or indirectly, trading transactions of any nature or kind whatsoever with the bank where the aforementioned functions are*

performed, unless approved by resolution passed by the governing body, unanimously and with the abstention of the persons concerned and with the unanimous vote of all the members of the control body, without prejudice to the obligations set forth by the Civil Code regarding the directors’ interests, as well as related party transactions.”

In order to ensure thorough oversight of situations that might give rise to a potential conflict of interest, Banca Generali took the appropriate measures, and in particular all company exponents are directly and personally informed, upon appointment, of the content of the legislation in question through a brochure entitled “*Obligations of Bank Exponents — General Concepts*”, which summarises applicable legislation and the pertinent interpretative guidance, as well as a “Declaration Form” that all company exponents are to compile and that satisfies both the Consob and Bank of Italy rules on Related Party and Connected Party Transactions and the prescriptions of Article 136 of TUB.

Moreover, it bears recalling that, in order to further control the above-mentioned areas and risks, Banca Generali adopted the application software Easy Regulation that enables: i) the identification and listing of Relevant Persons, whilst also allowing data pertaining to the same to be managed and processed; ii) the identification of those Bank’s transactions that fall within the scope of the various internal and external regulations; iii) the registration and monitoring of the said transactions; iv) the identification of transactions subject to specific procedural requirements, whilst supporting the computerised management and processing of transactions that exceed a pre-set significance thresholds; v) the production of personalised reports.

It must be pointed out that the process model selected by Banca Generali and supported by Easy Regulation is designed to ensure the streamlined, integrated and multi-regulatory management of Related Party and Connected Party Transactions, Transactions of Greater Importance and transactions with Company Officers and Executives pursuant to Article 136 of TUB.

Lastly, in compliance with the provisions set forth in the Procedure for Related Party and Connected Party Transactions and Transactions of Greater Importance, the Bank’s specific function, within the Corporate Affairs and Relations with Authorities Department, has been entrusted with the following main tasks: (i) updating the list of the persons and parties involved, after having identified the latter; (ii) managing decision-making procedures, information flows regarding the transactions, and relations with the Internal Audit and Risk Committee and the Board of Directors; (iii) managing internal and external transparency obligations with supervisory bodies; (iv) drawing up the reports to be filed under the aforesaid Consob and Bank of Italy regulations; (v) coordinating activities with relevant corporate functions of the Parent Company and Subsidiaries.

13. APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors consists of three acting and two alternate Auditors, whose functions, duties and terms of office are defined by the law.

Pursuant to Article 20 of the Articles of Association, acting and alternate Auditors must possess the requisites required by law and are eligible for reappointment. Those whose situations are incompatible pursuant to law and persons who serve as company directors or officers in other companies beyond the thresholds established under applicable regulations may not be appointed to the Board of Statutory Auditors, and if so appointed, will fall from office. In addition to meeting all the eligibility requirements imposed under law for membership of the Board of Statutory Auditors, all the acting and alternate members of the Company's Board of Statutory Auditors must be free of criminal convictions for any of the offences listed in Legislative Decree No. 231/01 or any criminal offence whatsoever entailing wilful misconduct. Similarly, no member of the Company's Board of Statutory Auditors may stand indicted for any of the aforesaid offences and, if so indicted shall be deemed unfit to serve in office through to full and final acquittal. Dismissal from service on the Company's Supervisory Board for just cause, pursuant to resolution of the Board of Directors, shall entail forfeiture of the seat held on the Company's Board of Statutory Auditors. Forfeiture of or revocation from office of a Regular or Alternate Statutory Auditor, including as a result of a failure to satisfy the requisites of professionalism, integrity and independence, also determine the forfeiture of office as Supervisory Board's member.

The appointment of the Board of Statutory Auditors is made on the basis of the list of candidates, according to the procedure specified below.

Those shareholders who, alone or in conjunction with other shareholders represent the percentage of share capital envisaged for the Company to submit lists of candidates for appointment of the Board of Directors, are entitled to submit a list. Currently, the percentage is 1%. Each shareholder (as well as *(i)* shareholders belonging to the same group, the latter being defined to include the party, which need not necessarily be a corporation, exercising control within the meaning of Article 2359 of the Civil Code, and each subsidiary controlled by, or under the common control of the said party or *(ii)* shareholders who have entered into the same shareholders' agreement within the meaning of Article 122 of TUF as further amended, or *(iii)* shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and/or regulatory framework) may contribute to the submission of only one list. In the event of breach, account will not be taken of the relative backing given to any of the lists.

The lists are made up of two sections: one for the appointment of the acting Auditors and the other for the appointment of the alternate Auditors. The lists contain a number of candidates no higher than the number of members to be elected, listed by progressive number. Each of the two sections of the lists, save for those featuring less than three candidates, must present candidates in a manner that en-

ures gender balance. Each candidate may appear on only one list, upon penalty of ineligibility. Together with each list and within the term established for the filing of lists, the shareholders submitting the lists must also file the following documentation at the registered office: *(i)* information pertaining to the identity of the shareholders submitting the lists, with an indication of the percentage of share capital they jointly hold; *(ii)* exhaustive information on the personal and professional features of the candidates included in the list; *(iii)* a declaration by shareholders other than those who, even jointly, hold a controlling interest or relative majority stake, attesting the absence of associative relationships with the latter; *(iv)* the declarations in which each candidate accepts nomination and also certifies, under his own responsibility, the inexistence of causes of incompatibility and of ineligibility, as well as possession of the requisites which prevailing laws require for the office of Auditor of the Company. Within the term specified for the publication of the lists by the Company and in order to prove their entitlement to submit lists, shareholders shall file the documentation proving legal ownership of their shareholdings, in accordance with applicable laws and regulations, at the Company's registered office.

The lists, signed by the submitting shareholders, shall be filed at the Company's registered office no later than twenty-five days prior to the date set for the Shareholders' Meeting in first call. Furthermore, the list will be available at the Company's registered office, on the corporate website and in any and all forms required by applicable laws and regulations, no later than twenty-one days prior to the date set for the Shareholders' Meeting in first call. In the case where, by the aforesaid deadline, submission has been made of only one list or only of lists submitted by shareholders associated amongst themselves, the relevant statutory and regulatory provisions shall apply.

Each shareholder (as well as *(i)* shareholders belonging to the same group, the latter being defined to include the party, which need not necessarily be a corporation, exercising control within the meaning of Article 2359 of the Civil Code, and each subsidiary controlled by, or under the common control of the said party or *(ii)* shareholders who have entered into the same shareholders' agreement within the meaning of article 122 of TUF as further amended, or *(iii)* shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and/or regulatory framework) shall be entitled to vote for only one list.

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

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

In the case where only one list is submitted, the entire Board of Statutory Auditors is appointed from the said list.

Should no list be submitted, the Shareholders' Meeting shall appoint the Board of Statutory Auditors and the Chairman thereof by majority of the votes cast, in accordance with law.

In the event of votes being equal between two or more lists, the younger candidates will be elected until all the posts to be assigned have been filled.

The first candidate on the list obtaining the highest number of votes, from amongst those lists submitted and voted by shareholders who are not associated, not even indirectly, with the shareholders who submitted and voted for the list obtaining the highest number of votes on the overall shall be elected Chairman of the Board of Statutory Auditors. In the event of submission of a single list, the first candidate specified therein will take the chairmanship.

In the case of the death, resignation or forfeiture of an acting Auditor, the first alternate Auditor belonging to the same list as the replaced Auditor will succeed him. Such alternate will succeed him for a period conterminous with

the term of the other statutory Auditors in office at the time of his appointment as an Auditor. Should the outgoing Auditor be the Chairman of the Board of Auditors, his replacement on such Board shall also assume the Chairmanship of the Board of Auditors. In the case where it is not possible to proceed as indicated above and the procedure for the replacement of the members of the Board of Statutory Auditors fails to ensure gender balance on the same, the term of the entire Board of Statutory Auditors shall be deemed to have expired in full with immediate effect, and accordingly, a Shareholders' Meeting must be called to pass resolutions on the appointment of a new Board of Statutory Auditors pursuant to the voting list system set forth above.

The members of the Board of Statutory Auditors must be selected from amongst persons who have acquired, on the overall, at least three years' experience in:

- a) professional activities or permanent university teaching in legal, economic, financial and technical/scientific subjects strictly pertinent to the Company's business activities;
- b) senior management functions in public entities or public administration operating in sectors strictly pertinent to the Company's activity.

In such regard, Article 20 of the Articles of Association provides that: (i) fields and sectors closely related to the Company's business activities shall include all those mentioned in point (a) above pertaining to banking, and economic sectors closely related thereto; (ii) economic sectors closely related to banking shall include the credit, para-banking, financial and insurance sectors.

14. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER D), OF TUF)

The Banca Generali's Board of Statutory Auditors currently in office was appointed by the General Shareholders' Meeting on 12 April 2018.

The Table 3 provided in Attachment 3 hereto lists the members of the Board of Statutory Auditors as of 31 December 2020, other information about them and their attendance at the meeting of the Board of Statutory Auditors.

The Shareholders' Meeting held on 12 April 2018 elected the members of the Board of Statutory Auditors based on two lists presented by the majority shareholder Assicurazioni Generali S.p.A. and by various undertakings for collective investment in transferable securities under the aegis of Assogestioni.

The majority list submitted by Assicurazioni Generali S.p.A. included the following candidates: Mario Francesco Anaclerio, Flavia Daunia Minutillo and Giuseppe Alesio Verni and the following candidates for the position as Alternate Auditor Maria Maddalena Gnudi and Corrado Giammattei.

At the end of the Meeting's vote, the candidates on the list mentioned were elected with the favourable vote of 74.544% of the share capital present at the Meeting with voting entitlement and were appointed to the following offices: Mario Francesco Anaclerio and Flavia Daunia Minutillo, Acting Auditors and Maria Maddalena Gnudi, Alternate Auditor.

The list submitted under the aegis of Assogestioni indicated the name of Massimo Cremona as sole candidate to the position of Acting Auditor and Gianfranco Consorti to the position of Alternate Auditor. All candidates were elected by the affirmative vote of 24.968% of the shareholders present and entitled to vote at the Meeting and assumed the following roles: Massimo Cremona, Acting Auditor and Chairman of the Board of Directors, as per Article 20, paragraph 10 of the Articles of Association (the first candidate on the list obtaining the highest number of votes and the first candidate on the list obtaining the highest number of votes from amongst the lists submitted and voted by shareholders who are not associated, not even indirectly, with the shareholders who submitted and voted for the list obtaining the highest number of votes, shall be deemed elected), Gianfranco Consorti Alternate Auditor.

The current composition of the Board of Statutory Auditors fully reflects the rules on gender parity indicated in the applicable legislative and regulatory provisions. In general, regarding the Bank's adoption of diversity criteria and policies concerning the composition of Company Bodies, reference is made to the contents under 4.2. above.

Set out below is a brief profile of the auditors.

Massimo Cremona. Born in Busto Arsizio (Varese) on 3 April 1959, Massimo Cremona currently is Visiting Professor at the Economics and Commerce Faculty of the Univer-

sità Cattolica del Sacro Cuore, in Milan. Previously, he was visiting professor at the Milan Università Statale, faculty of Law.

Widely published in Italy and abroad, he has been a Speaker at national and international seminars focusing on national and international taxation. A Founding and Managing Partner of the Law Firm Pirola Pennuto Zei & Associati, he currently runs his own private practice. His clientele includes large Italian and foreign groups primarily in the financial, banking and insurance industries. He serves on the Boards of Directors and Statutory Auditors of several major corporations including, without limitation, and companies belonging to the Bosch Group and the Ermenegildo Zegna Group.

Mario Francesco Anaclerio. Born in Genoa on 2 May 1973, he graduated in Economics and Commerce through the Cattolica University in Milan, is chartered accountant and registered with the list of Certified Auditors. He owns a chartered accountant firm in Milan, specialising in finance, business valuations, fairness opinions, appraisals and extraordinary operations, governance, internal auditing and organisational, management and control models pursuant to Legislative Decree No. 231/2001. He is a Statutory Auditor and independent director in several primary companies of the Atlantia Group, Saxo Bank Group, Bain Capital and Bertelsmann.

Flavia Daunia Minutillo. Born in Milan on 24 May 1971, she earned a degree in Economics and Commerce in 1995 before qualifying as a Certified Public Accountant and professional Dealer. She is a Founding Partner of the firm Simonelli Associati. Since 1998, she has served as acting auditor and Chairwoman of the Board of Statutory Auditors of banks, listed corporations, securitisation companies, trust companies, financial institutions, factoring companies, securities brokerages, asset management companies, holding companies as well as undertakings operating in the real estate, heavy industry, service and commercial sectors. In particular, she has served as Chair of the Board of Statutory Auditors of General Real Estate SGR since 2015, as acting auditor of the listed corporation Mediaset S.p.A., Fondo Strategico Italiano Investimenti S.p.A., the listed corporation Mondadori S.p.A., as well as Rizzoli Education S.p.A.

Maria Maddalena Gnudi. Born in Pesaro on 13 March 1979, she graduated with full marks with a degree in Economics and Business from the University of Bologna. Advanced LLM in International Tax Law at the Leiden University (Leiden - Netherlands), she is also a chartered accountant and auditor, and has been collaborating with Studio Gnudi since 2010, where she became a partner in 2011. She is an expert in ordinary and extraordinary corporate, accounting and tax advisor with particular expertise in international taxation and transfer pricing. Over the years, she has also gained experience as statutory auditor, member of the supervisory body and liquidator of medium- and large-sized companies, entities of public interest and

listed companies. She writes regularly for various specialist publications, including *Il Quotidiano* and *Il Fisco* (IP-SOA) and *Gestione straordinaria delle Imprese* (Eutekne).

Gianfranco Consorti. Born in Atri (Teramo) on 7 July 1950, he graduated in Economics at the La Sapienza University in Rome. He is a chartered accountant and is entered on the Register of Auditors. He joined Ernst & Young S.p.A. (at the time Arthur Young), Rome office, in 1976, where he became Partner in 1986. After performing a number of roles as partner responsible for auditing major national and international companies and groups and after becoming a national partner responsible in Ernst & Young for public sector audit and accounting organisation activities, he left Ernst & Young in July 2013, due to statutory obligations, to pursue a professional career as a professional chartered accountant, auditor and business consultant.

The Board of Statutory Auditors met 20 times in 2020. The average attendance of Statutory Auditors at Board of Directors' meetings in 2020 was 100%. The same number of meetings are planned for 2021. To date, 6 meetings have been held.

Under the Bank of Italy Provisions, the company body vested with control functions is required to periodically verify its own adequacy in terms of powers, functioning and composition, taking into account the scale, complexity and activities of the Bank. The provisions in question also require the members of the said control body to meet a level of professionalism in line with the size and operational complexity of the Bank, and to devote sufficient time and resources to discharging its duties, whilst also establishing that on the occasion of the appointment of company officers and periodically over time, the number of similar positions held must be verified and evaluated, with special attention to those requiring greater involvement in the ordinary course of company business. In light of the above, Article 20 of the Articles of Association establishes, by way of reference to applicable regulations, both the maximum number of other appointments a member of Banca Generali's Board of Statutory Auditors may simultaneously hold, and the requirements of professionalism⁽¹⁴⁾ to be met by the members of the said board.

In addition to the good standing and independence requisites and the grounds for incompatibility and non-electability provided for by special legislation and the Corporate Governance Code for listed companies, the statutory auditors must possess, or otherwise shall be removed, the following professionalism requisites: at least one acting auditor and one alternate auditor (and in any case the Chairman) must be registered in the register of auditors; anyone not having this requisite must have specific experience working: (a) in a professional capacity or as a university tenured professors of law, economics, finance or technical-scientific subjects closely related to the Company's business operations; (b) in an executive capacity, in the service of public bodies or public administrations operating in sectors closely related to the Company's core business.

Moreover, pursuant to the Bank of Italy Provisions, no member of the control body may hold any position within any body other than control bodies within other companies belonging to the group or financial conglomerate, and/or within companies in which the Bank holds, directly or indirectly, a strategic stake (that is to say, at least 10% of the share capital or voting rights at the Ordinary Shareholders' Meeting of the investee company, and 5% of the Banking Group's consolidated assets).

With reference to gender balance, the Articles of Association provide that in the case where the number of regular Auditors belonging to the gender less represented falls short of the threshold established under applicable statutory provisions, the candidates appearing in the regular Auditor section of the list obtaining the highest number of votes will be replaced following the order in which the candidates were presented for election. In the case of replacement of an Acting Auditor with an Alternate Auditor and the procedure for the replacement of Auditors fails to ensure gender balance, the term of the entire Board of Statutory Auditors shall be deemed to have expired in full with immediate effect.

Satisfaction of the relevant requirements is verified by the Board of Directors in accordance with applicable supervisory regulations as well as the provisions of the Corporate Governance Code.

Banca Generali's Board of Directors last verified satisfaction of the relevant statutory requirements for acting members of the Board of Directors on 20 and 23 April 2018.

All the members of Banca Generali's Board of Statutory Auditors have been chosen among the auditors registered in the register of public auditors; all the members of the Board of Statutory Auditors are independent within the meaning of both TUF and the Corporate Governance Code.

The Board of Statutory Auditors assessed the independence of its members on the first possible occasion after their appointment, specifying the assessment criteria actually applied, and notified the result of these checks to the Board of Directors. A similar assessment was updated on an annual basis.

When carrying out the above assessments it applied all the criteria specified in the Corporate Governance Code with reference to Directors' independence. The outcome of such assessments was published from time to time by issuing a press release.

With reference to 2021, in light of the appointment of the new company bodies — including the renewal of the control body — with the General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2020, this assessment will be carried out following the appointment of the new Board of Statutory Auditors.

⁽¹⁴⁾ The MEF Decree, the provisions of which apply to boards elected after the date of entry into force of the Decree, entered into effect on 30 December 2020. As of the date of election of the new company boards scheduled for the General Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2020, the Bank's officers will be required to follow the new provisions of the MEF Decree, already incorporated into the Fit & Proper Policy adopted by Banca Generali and in the Recommendations on the Optimal Qualitative and Quantitative Composition of the Board of Directors published on 23 February 2021 in view of the appointment of the new company bodies.

The Statutory Auditors must also take into account Article 36 of Legislative Decree No. 201 of 6 December 2011, converted with amendments by Law No. 214 of 22 December 2011, and containing provisions regarding “interlocking personal shareholdings in the credit and financial markets”, whereby it is prohibited for “*office holders in management, supervisory and control bodies and senior management in enterprises or groups of enterprises operating in the credit, insurance and financial markets to take on or perform similar offices in competing enterprises or groups of enterprises*” (known as the interlocking ban). Holders of incompatible offices must notify the option taken within a period of 90 days from appointment. At the end of such period, if this condition has not been met, they shall be removed from both offices. In this regard, all the members of the Board of Statutory Auditors were found to comply with the prohibition of interlocking requirement.

A Statutory Auditor who, on his own account or for third parties, has an interest in a given Company transaction must inform the other Statutory Auditors and the Chairman of the Board promptly and exhaustively of the nature, origin and terms of his own interest. The same reporting obligations shall be binding on any Auditor falling within the scope of the cases contemplated in Article 136 of TUB, in which case the said rules shall apply.

The Board of Statutory Auditors has monitored the independence of the independent auditors, in terms of both compliance with the relevant requirements, and the nature and volume of non-auditing services rendered to the Company and its subsidiaries by the said independent auditors and entities belonging to the same network.

Given that, pursuant to statutory requirements, non-auditing services must be entrusted to an independent auditor, Article 20 of the Articles of Association vests the Board of Auditors with the power/duty to liaise with the other persons and parties with oversight responsibilities; forms of ongoing coordination have been developed to serve this

purpose, entailing, *inter alia*, the scheduling of specific meetings especially for periodic exchanges of information and views between the Board of Auditors and the independent auditors. In respect of these issues the Board of Statutory Auditors may, if it deems fit, also avail of the advice and support of the Internal Audit and Risk Committee, as contemplated in the relevant Committee Rules.

Moreover, the Parent Company’s control body must operate in close collaboration with its counterparts within subsidiaries. In performing its duties, the Board of Statutory Auditors coordinated its efforts with the Internal Audit and Risk Committee and the control units (compliance, anti-money laundering, internal audit and risk management). In this regard please refer to the paragraph on information flows and coordination among different Company bodies described herein.

The Chairman of the Board of Directors ascertained that the Auditors, after their appointments, could participate in initiatives aimed at providing them with an adequate knowledge of the business sector in which the Issuer operates, of the corporate dynamics and the relevant evolutions, as well as the relevant regulatory framework. In this context, he involved members of the Board of Statutory Auditors in the induction meeting and informal meetings held during 2020 (see paragraph 4.2 for details of the meetings).

During 2020 the Board of Statutory Auditors independently held numerous and specific topical meetings with the Bank’s management and particularly with the heads of the control functions and with the independent auditors in order to examine a number of topics and foster full knowledge of the Bank’s situation.

The remuneration of the Statutory Auditors is commensurate with the commitment required, the importance of the role covered, as well as the Bank’s characteristics in terms of size and sector.

15. INVESTOR RELATIONS

Banca Generali feels that it has a specific interest — as well as a duty towards the market — to engage in ongoing dialogue, based on a mutual understanding of roles and responsibilities, with its Shareholders, in general, as well as with institutional investors, such dialogue being placed within the framework of procedures for the public disclosure of corporate information and documents.

In particular, the Company seizes the opportunity of the shareholders' meetings to inform the Shareholders of information about the Company and its prospects; obviously, this is in compliance with the inside information rules and hence, should it be necessary, disseminating this information to the market at the same time.

The management of daily relations with Shareholders is entrusted to the Corporate Affairs and Relations with Authorities Department within the General Counsel Area.

The Investor Relations Service is in charge of liaising with institutional investors.

The Company uses its website to allow the public to consult constantly updated information regarding the Company, its products and services.

Apart from a presentation and historical overview of the Company and the Group, the website hosts the most significant documents pertaining to Corporate Governance, all the press releases on the main corporate events, as well as financial and accounting data.

The website also presents the Calendar of Events indicating the dates of meetings of Corporate Organs, such as Shareholders' and Board meetings called for the approval of the draft annual financial statements, the consolidated financial statements, the half-yearly condensed report and interim reports, as well as for making decisions in respect of purely financial matters.

In order to ensure the transparency and effectiveness of the information disclosed to the public, the website is constantly and timely updated.

INVESTOR RELATIONS

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16. GENERAL SHAREHOLDERS' MEETINGS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER C) OF TUF)⁽¹⁵⁾

The procedures governing the conduct of Shareholders' Meetings are regulated by the Articles of Association and the Regulations of the Shareholders' Meeting.

The condition of shareholder implies acceptance of the Memorandum of Association and of the Articles of Association.

The Shareholders' Meeting is the body that expresses the Company's will through its resolutions. Resolutions adopted by Shareholders' Meeting in compliance with the law and the Articles of Association are binding on all shareholders, including those who are absent or dissenting.

The Shareholders' Meeting may be held at the registered office or at another venue, provided that it is in Italian territory. The Shareholders' Meeting is convened by the Board of Directors. Shareholders are called through published notice, under the terms and conditions required by applicable laws and regulations. The Shareholders' Meeting is called whenever the administrative body deems necessary and advisable or upon request of the Board of Statutory Auditors or of the shareholders, in accordance with the law, or in the other cases in which call of the Shareholders' Meeting is obligatory pursuant to law. The ordinary Shareholders' Meeting must be called at least once a year within 120 days of closure of the financial year. This deadline may be extended to 180 days where certain legal conditions are met.

In the cases provided by law, those shareholders who, alone or in conjunction with others, represent at least the percentage of share capital envisaged by current applicable regulations, are entitled to request call of the Shareholders' Meeting. Those shareholders who, alone or in conjunction with others, represent at least one fortieth of the share capital are entitled to request, in compliance with laws in force, integration of the list of items on the agenda.

The notice of call may specify the date of a second or third call, in the event that the Meeting does not prove to be legally constituted.

The persons or parties entitled to participate in the Shareholders' Meeting, in accordance with applicable laws, may participate in the Shareholders' Meeting, provided that they prove their entitlement pursuant to the law and that the notice from the intermediary responsible for keeping the accounts regarding the shares, in replacement of the deposit giving entitlement to attend the Shareholders' Meeting, has been received by the Company by the end of the third trading day prior to the date set for the first call of the Meeting, in accordance with Article 83-*sexies*, paragraph 4, of TUF, after the terms specified above, provided that it arrived within the start of the Shareholders' Meeting specifically called.

Shareholders may be represented by others in the Shareholders' Meeting, in accordance with the provisions of the law. In compliance with the provisions of Article 135-*undecies* of TUF, the Company has appointed a representative for the exercise of voting rights.

Legal provisions are observed with regard to the validity of Shareholders' Meetings and their resolutions.

Ordinary and extraordinary Shareholders' Meetings are attributed all the powers to which they are respectively entitled pursuant to current regulations. The Ordinary Shareholders' Meeting shall also establish the remuneration due to the organs it appoints. The said Shareholders' Meeting may provide for a lump-sum amount covering the remuneration of all company directors, including those vested with specific tasks, such lump-sum amount being subject to distribution amongst individual directors pursuant to the determinations of the Board of Directors. The Shareholders' Meeting shall also approve the remuneration policies and compensation plans based on financial instruments, to be implemented in favour of company directors, employees, and outside collaborators other than company employees. In respect of related party and connected party transactions, pursuant to the procedure adopted by the Company in such regard, the Shareholders' Meeting is vested with the decision-making powers assigned to it under applicable regulations. In emergency situations arising from corporate crises, any and all related party and connected party transactions subject, under law, to shareholder approval, may only be effected pursuant to shareholder resolutions passed in accordance with the terms, conditions, procedures and deadlines imposed under applicable regulations and the aforesaid Procedure adopted by the Company.

Under the Article 18 of the Articles of Association, the Board of Directors is exclusively qualified to deliberate on matters pertaining to the setting up or closing down of secondary offices, indication of which Directors may represent the Company and use the company signature, mergers, in the cases permitted by law, amendments to the provisions of the Articles of Association that no longer comply with new and mandatory regulatory provisions.

All the directors attended the latest General Shareholders' Meeting on 23 April 2020. On that occasion, the Board reported in respect of completed and scheduled activities and ensured that all Shareholders — which, due to the ongoing health emergency and as indicated in the notice of calling of the General Shareholders' Meeting and within the limits permitted by law, took the floor exclusively through the Designated Representative pursuant to Article 135-*undecies* of TUF, to whom it was possible to grant proxy or sub-proxy authorisation pursuant to Article 135-*novies* of TUF, in derogation from Article 135-*undecies*, paragraph 4,

⁽¹⁵⁾ Article 106 of Decree-Law No. 18 of 17 March 2020 ("Cure Italy") — which should be consulted for further detail — introduced some temporary provisions on the holding of shareholders' meetings for the 2020 and 2021 season, including that of Banca Generali, due to the ongoing health emergency caused by the spread of COVID-19.

of the said Decree — were provided adequate information on all pertinent matters so as to enable them to make informed decisions. The Remuneration Committee informed all Shareholders on the activities it performed in respect of remuneration policies.

Regulations of the Shareholders' Meeting

Pursuant to article 23 of the Board of Directors' Rules, the Company encourages Shareholders to attend all Shareholders' Meetings.

The Board 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 about the items placed on the agenda of Shareholders' Meetings.

In compliance with the recommendations of the Corporate Governance Code, the Shareholders' Meeting approved its own Regulations (most recently amended by resolution of the General Shareholders' Meeting on 20 April 2011), setting forth the procedures to be followed in order to ensure orderly proceedings. The Regulations of the General Shareholders' Meeting are available for consultation at the Company's registered offices as well as on its website, under the section "*Governance-Attending the AGM*".

The Rules are aimed at regulating the proceedings of ordinary and extraordinary Shareholders' Meetings, and ensuring the proper and ordered functioning of the same, and in particular, the right of each shareholder to take part and express an opinion on the items under debate. The Rules, therefore, constitute a valid tool for ensuring the protection of the rights of all the Company's shareholders and the proper approval of shareholders' resolutions.

In particular, persons entitled to attend have the right to speak on each one of the items on the agenda or placed up for discussion and make proposals on them.

Pursuant to Article 127-ter of TUF, shareholders are entitled to submit questions regarding the items placed on the Agenda even before the Shareholders' Meeting. Questions

submitted prior to the Shareholders' Meeting shall be answered at the very latest during the course of the Shareholders' Meeting itself, even by treating several questions regarding the same subject-matter as a single query.

Entitled Attendees who intend to take the floor shall submit a written request to the Chairman, after the items on the agenda have been read out and before the Chairman has declared closed the discussion on the item subject to the request to speak.

If the Chairman so authorises, requests to take the floor may be made by raising the hand.

In the case where written requests to take the floor are required, the Chairman shall grant the floor in accordance with the order in which requests to speak were received. In the case where requests to take the floor are made by the raising of hands, the Chairman shall grant the floor to the person who first raises his hand; in the case where it is not possible to determine precisely which person was the first to raise his or her hand, the Chairman shall grant the floor in accordance with the order established by the Chairman himself, at his sole discretion.

The Chairman and/or, on his invitation, the Directors and the Statutory Auditors, respond to entitled attendees according to their areas of expertise or when deemed useful by the Chairman, after the speech of each one or after all speeches have been given on each item of the agenda, taking due account of any and all questions raised by shareholders prior to the Shareholders' Meeting and left unanswered until the latter. Persons with the right to speak have the right to make one speech on each item on the agenda, except for a reply and a statement of vote, each of a duration of no more than five minutes. The Chairman, taking into account the issue and the importance of the single items on the agenda as well as the number of persons requesting the floor and any and all questions raised by shareholders prior to the meeting and left unaddressed by the Company, shall announce the period of time available for each Entitled Attendee to take floor; such time, as a general rule, being established at no less than five and no more than ten minutes for each speaker. When such period of time has expired, the Chairman may invite the entitled attendee to conclude within another five minutes.

17. OTHER CORPORATE GOVERNANCE PRACTICES (PURSUANT TO ARTICLE 123-BIS , PARAGRAPH 2, LETTER A) OF TUF)

Further information of corporate governance practices is provided in the relevant individual paragraphs of this Report.

18. CHANGES SINCE THE END OF THE FINANCIAL YEAR OF REFERENCE

No changes were brought to the corporate governance structure since the end of the financial year and up to the date of this Report.

19. CONSIDERATIONS ON THE LETTER OF 22 DECEMBER 2020 OF THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

On 22 December 2020, the Chairman, the CEO and the Chairman of the Board of Statutory Auditors, received the letter of the Chairman of the Corporate Governance Committee Patrizia Grieco, together with the annual Report on the application of the Corporate Governance Code for listed companies (the “Letter”).

With reference to the “*Recommendations of the Committee for 2021*” indicated at the foot of Patrizia Grieco’s letter, it is reported that these have been brought to the attention of the Board of Directors and the competent Committees and have been considered, also at the self-assessment stage, in order to identify possible governance developments or to fill any gaps in the application or explanations provided. In particular, during the meetings of the Nomination, Governance and Sustainability Committee, Internal Audit and Risk Committee and Remuneration Committee held on 4 February 2021, discussion centred on the topics cited in the above Recommendations and in particular on (i) sustainability, (ii) pre-board meeting information, (iii) application of the independence criteria, (iv) board’s self-assessment, (v) appointment and succession of directors and (vi) remuneration policies. The Letter states that, in light of the findings of the 2020 report and the analysis of the behaviour of issuers and considering that 2021 will be the first year of the new application of the Corporate Governance Code, the Corporate Governance Committee of Borsa Italiana S.p.A. decided to reconsider the set of recommendations provided over the last four years, providing some specific indications in the aforementioned areas, which are characterised, in the Committee’s opinion, by the persistence of significant weaknesses, and overcoming which also appears functional to better applying the most innovative aspects of the new code.

During these Board Committees meetings it was found, in particular, that:

- (i) on the subject of sustainability, Banca Generali has long been engaged in a process of transformation capable of integrating sustainability issues into its business model, governance and strategy, and it has continued to show its commitment by constantly considering the economic, environmental and social impacts of its activities in defining the company strategy and formulating its policies. This has been done through, *inter alia*: (i) the revision of the Materiality Matrix, following which the instruments in which the Bank intends to invest will need to be identified, along with the methods through which and reasons for which it intends to do so, while also promoting the engagement of employees and all the Bank’s stakeholders of reference; (ii) screening activity designed to create a panel of rating agencies and companies that, despite not representing full-fledged rating agencies, but rather data providers, release reports of a quantitative nature on the basis of data analytics; (iii) the intention to adapt sustainability profiles and principles transversally to the areas of competence of all Board Committees for further analysis and integration of sustainability profiles into all discussions (by updating the regulations of the Committees upon the next re-election of the company bodies); (iv) the adoption of a specific sustainability policy designed to integrate into company processes the Banking Group’s sustainability model outlined in the “*Sustainability Commitment Charter*” approved in March 2018 by the Board of Directors, which in accordance with the principles set out in the Internal Code of Conduct and related legislation, lays down the long-term strategic objectives for doing business responsibly and experiencing community, by contributing to creating a healthy, resilient and sustainable society, and the adoption, also in 2018 of the *Environment and Climate Policy*, which corresponds to the heightened awareness of the Bank’s policies on this topic, taking an active role in creating a sustainable future;
- (ii) with regard to pre-board meeting information, in 2020 Banca Generali further consolidated and reinforced the best practices adopted in previous years, without prejudice to the indications already contained in the Board of Directors’ Regulation, which also explicitly indicates the terms for making available pre-meeting information documentation, specifying the terms that apply to cases in which privacy precautions must be taken (in this regard, no exceptions to the applications of these terms are envisaged). In addition, as found in the Board’s 2020 self-assessment, embracing the observations made by the directors in previous years, additional progress was made during the current term in terms of increasing the efficiency of the flow of information and greater document clarity and the transition to the new IT application was also completed, gradually ensuring higher-performance use of the platform, with even easier access to the documentation published there;
- (iii) with regard to the application of the independence criteria, in its capacity as issuer subject to supervision by the Bank of Italy and Consob, Banca Generali has long complied with the principles expressed in this Committee’s recommendation, together with those dictated by Consob provisions concerning issuers and by banking sector regulations. In fact, most members of its Board of Directors meet the independence requirements provided for in application legislation and the Corporate Governance Code, since the Company is subject to management and coordination by another Italian company with shares listed on a regulated market. In 2020, as in the previous year, there were no cases in which it was deemed appropriate or necessary to waive any of the independence requirements set in the Corporate Governance Code in accordance with the comply-or-explain principle;
- (iv) with regard to the Board of Directors’ self-assessment, Banca Generali’s Board supervises the entire annual self-assessment process (i) with the support of the Nomination, Governance and Sustainability Committee and (ii) with the aid of an external professional capable of ensuring independence of judgement, including in compliance with the Bank of Italy’s Supervisory Provisions regarding the organisation and corporate governance of banks. Some time ago, Banca Generali

also formally prepared and adopted *ad hoc* regulations that lay down and codify all phases of the self-assessment process. In addition, during its 2020 annual self-assessment exercise, Banca Generali's Board of Directors acknowledged and agreed with Banca Generali's strategy, and generally confirmed its appreciation for how the central role of strategic discussion is tackled and managed, confirming that it has been fully informed of the areas of greatest strategic importance to Banca Generali. In 2020, all members of the Board of Directors participated in the body's formal meetings, as well as several induction meetings, including a meeting dedicated to exploring issues relating to development of the industrial plan, also offering its contribution to formulating the industrial plan on that occasion. Within the context of the 2020 self-assessment exercise the Board of Directors also noted that the decisions made by the Board reflect an appropriate balance between the short and the medium-/long-term and it is confident that Banca Generali will succeed in implementing its strategies within the Plan period;

- (v) with regard to the appointment and succession of directors, it is confirmed that during the hand-over process it is ensured that resolutions functional to the process of appointing company bodies are complete and timely. In this regard, it should be noted that, precisely in view of the renewal of the corporate bodies and in accordance with the recommendations of the Corporate Governance Code (as well as with provisions of Article 12 of the Decree No. 169 of the Italian Ministry of Economy and Finance of 23 November 2020), the Board of Banca Generali, supported by the Nomination, Governance and Sustainability Committee and taking into account the results of the 2020 self-assessment, identified its optimal qualitative and quantitative composition to be submitted to shareholders upon the next General Shareholders' Meeting, approving on 23 February 2021 the related report, made available to the public on that same date. With regard to the Succession Plan for Executive Directors, since December 2015 Banca Generali's Board of Directors has had an approved Succession Plan for the Chief Executive Officer (the only executive director in the company's Board of Directors), for both absence or temporary impediment and early departure from office. The Bank has also long had appropriate procedures for the succession of its top management;
- (vi) finally, as for its remuneration policies, Banca Generali has long adhered to the criteria and recommendations set out in the Corporate Governance Codes of conduct promoted by Borsa Italiana S.p.A. and sector supervisory regulations. In particular, the remuneration policies adopted by the Bank: (i) provide clear indications regarding identifying the weight of the variable component, distinguishing between components relat-

ing to annual and long-term horizons; (ii) in 2019 the Bank had already formulated an internal path aimed at enhancing and focusing on sustainability matters, intended both as value generation in the long term and attention towards ESG (Environmental, Social and Governance) issues, including in all the individual Balanced Score Cards of the top management and first line of management a specific sustainability indicator (*i.e.*, sustainability commitment, with priority for sustainability initiatives aligned with the strategic objectives of the banking group plan), to tie part of variable remuneration to the precise objective to implement sustainability as a distinctive element of Banca Generali's competitive positioning. This element was thus also underscored in the Remuneration Report and in the Remuneration Policies, most recently submitted to the 2020 Shareholders' Meeting, further emphasising the criteria relating to sustainability and long-term value generation; (iii) already limit the possibility of paying sums not tied to predetermined parameters to exceptional cases, with adequate explanations (*i.e.*, one-off bonus, entry bonus, etc.); (iv) already lay down detailed criteria and procedures for assigning end-of-service indemnities and, finally, (v) with regard to the compensation paid to non-executive directors and members of the control body, as on the occasion of the election of the Company's current Board of Directors and Board of Statutory Auditors, in view of the upcoming election of the new company bodies, conducted, through a specialised external company, a complete market analysis and an in-depth inquiry in terms of benchmarking with regard to the sector of reference, providing the appropriate indications to the shareholders — in the respective illustrative reports by the Board of Directors available on the Company's institutional website — with regard to the assignment of the remuneration to be paid to the company bodies in question.

Lastly, given that the Letter and the Report are an important parameter for evaluating the level of adherence to what can be defined as best practices, the Board of Directors, together with the Board of Statutory Auditors, during the Board meeting held on 14 February 2021, discussed and analysed the topics represented in the recommendations formulated in the Letter, maintaining that Banca Generali is, for the most part, currently in line with the "*Recommendations of the Committee for 2021*" and indicated at the foot of Patrizia Grieco's Letter.

Milan, 25 March 2021

The Board of Directors

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Annex 1 – Information on Company Ownership

Table 1 – Structure of the share capital

	NO. OF SHARES	% OF SHARE CAPITAL	LISTED (SPECIFY ON WHICH MARKETS)/ NOT LISTED	RIGHTS AND OBLIGATIONS
Ordinary shares	116,851,637	100	Listed on the electronic share market (MTA) of Borsa Italiana S.p.A.	All the rights contemplated under the Civil Code and the Articles of Association
Shares with multiple voting rights	-	-		
Shares with limited voting right	-	-		
Shares without voting right	-	-		
Other	-	-		

Other financial instruments (giving right to underwrite newly issued shares)

	LISTED (SPECIFY ON WHICH MARKETS)/ NOT LISTED	NO. OF OUTSTANDING INSTRUMENTS	CATEGORY OF SHARES IN SERVICE OF THE CONVERSION/ EXERCISE	NO. OF SHARES IN SERVICE OF THE CONVERSION/ EXERCISE
Convertible bonds	-	-	-	-
Warrants	-	-	-	-

Significant shareholdings

DECLARANT	DIRECT SHAREHOLDER	% OF ORDINARY CAPITAL	% OF VOTING CAPITAL
Assicurazioni Generali S.p.A.	Generali Italia S.p.A.	33.0109	33.0109
	Generali Vie S.A.	9.5078	9.5078
	Genertellife S.p.A.	4.8173	4.8173
	Alleanza Assicurazioni S.p.A.	2.4008	2.4008
	Genertel S.p.A.	0.4347	0.4347

The table does not provide the parties who are exempt from disclosure obligation pursuant to Article 119-*bis* of Consob Issuers' Rules.

Annex 2 (Table No. 2) – Board of Directors’ and Committees’ Structure

BOARD OF DIRECTORS (AS OF 25 MARCH 2021)

OFFICE HELD	MEMBER	YEAR OF BIRTH	DATE OF FIRST APPOINTMENT*	IN OFFICE FROM	IN OFFICE UNTIL	LIST**
Chairman	Giancarlo Fancel	1961	23.04.2015	12.04.2018	Shareholders' Meeting to approve the Financial Statements at 31.12.2020	M
Chief Executive Officer †	Gian Maria Mossa	1974	20.03.2017	12.04.2018	Shareholders' Meeting to approve the Financial Statements at 31.12.2020	M
Director	Giovanni Brugnoli	1970	24.04.2012	12.04.2018	Shareholders' Meeting to approve the Financial Statements at 31.12.2020	M
Director	Azzurra Caltagirone	1973	23.06.2016	12.04.2018	Shareholders' Meeting to approve the Financial Statements at 31.12.2020	M
Director	Cristina Rustignoli	1966	23.06.2016	12.04.2018	Shareholders' Meeting to approve the Financial Statements at 31.12.2020	M
Director	Anna Gervasoni	1961	24.04.2012	12.04.2018	Shareholders' Meeting to approve the Financial Statements at 31.12.2020	M
Director	Massimo Lapucci	1969	23.04.2015	12.04.2018	Shareholders' Meeting to approve the Financial Statements at 31.12.2020	M
Director	Annalisa Pescatori	1964	23.04.2015	12.04.2018	Shareholders' Meeting to approve the Financial Statements at 31.12.2020	M
Director	Vittorio Emanuele Terzi	1954	23.04.2015	12.04.2018	Shareholders' Meeting to approve the Financial Statements at 31.12.2020	m

† This symbol indicates the person who holds the main responsibility for the management of the Issuer (Chief Executive Officer or CEO).

* Date of first appointment of each Director means the date when the Director was appointed for the first time (ever) to the Board of Directors of the Issuer.

** This column shows the list from which each Director was elected (“M”: majority list; “m”: minority list; “BoD”: list submitted by the Board of Directors).

*** This column shows the number of directorships or auditorships held by the interested person in other companies listed on regulated markets, including foreign, in financial, banking and insurance companies or large corporations. The complete list of directorships and auditorships is given in this Report under Paragraph 4.1.

(*) This column shows the attendance to the meetings of the Board of Directors and Committees in the period from 1 January 2020 to 31 December 2020 (No. of times in attendance / number of meetings held during the actual period of office of the Director during the financial year).

(**) This column shows the position of the Director within the Committee: C: Chair; M: member.

Number of Meetings held during reference year

Board of Directors 15

Internal Audit and Risk
Committee 17Remuneration
Committee 10Nomination, Governance and
Sustainability Committee 9

Necessary quorum for minorities to submit voting lists for the election of one or more members (pursuant to Article 147-ter of tuf): 1%

BOARD OF DIRECTORS (AS OF 25 MARCH 2021)						INTERNAL AUDIT AND RISK COMMITTEE	REMUNERATION COMMITTEE	NOMINATION, GOVERNANCE AND SUSTAINABILITY COMMITTEE			
EXEC.	NON- EXEC.	INDEP. PURSUANT TO THE CODE AND TUF	INDEP. PURSUANT TO ART. 16 OF CONSOB REGULATION NO. 20249/17	NUMBER OF OTHER OFFICES ***	ATTENDANCE TO THE BOD MEETINGS (*)	MEMBER (**)	NO. OF ATTENDANCE (*)	MEMBER (**)	NO. OF ATTENDANCE (*)	MEMBER (**)	NO. OF ATTENDANCE (*)
-	X	-	-	-	15/15 (100%)	-	-	-	-	-	-
X	-	-	-	1	15/15 (100%)	-	-	-	-	-	-
-	X	X	X	-	15/15 (100%)	-	-	P (Chairman)	10/10 (100%)	M	9/9 (100%)
-	X	-	-	4	14/15 (93%)	-	-	-	-	-	-
-	X	-	-	4	15/15 (100%)	-	-	-	-	-	-
-	X	X	X	3	14/15 (93%)	P (Chairman)	17/17 (100%)	M	10/10 (100%)	-	-
-	X	X	X	1	15/15 (100%)	M	17/17 (100%)	-	-	P (Chairman)	9/9 (100%)
-	X	X	X	-	15/15 (100%)	M	17/17 (100%)	-	-	M	9/9 (100%)
-	X	X	X	2	15/15 (100%)	M	17/17 (100%)	M	10/10 (100%)	-	-

Annex 3 (Table No. 3) – Board of Statutory Auditors' Structure

BOARD OF DIRECTORS (AS OF 25 MARCH 2021)

OFFICE HELD	MEMBER	YEAR OF BIRTH	DATE OF FIRST APPOINTMENT*	IN OFFICE FROM	IN OFFICE UNTIL
Chairman	Massimo Cremona	1959	23.04.2015 ⁽¹⁾	12.04.2018	Shareholders' Meeting to approve the Financial Statements as of 31.12.2020
Acting Auditor	Mario Francesco Anaclerio	1973	23.04.2015	12.04.2018	Shareholders' Meeting to approve the Financial Statements as of 31.12.2020
Acting Auditor	Flavia Daunia Minutillo	1971	23.04.2015	12.04.2018	Shareholders' Meeting to approve the Financial Statements as of 31.12.2020
Alternate Auditor	Maria Maddalena Gnudi	1979	21.04.2016	12.04.2018	Shareholders' Meeting to approve the Financial Statements as of 31.12.2020
Alternate Auditor	Gianfranco Consorti	1950	12.04.2018	12.04.2018	Shareholders' Meeting to approve the Financial Statements as of 31.12.2020

* Date of first appointment of each Statutory Auditor means the date when the Statutory Auditor was appointed for the first time (ever) to the Board of Statutory Auditors of the Issuer.

** This column shows the list from which each Statutory Auditor was elected (M: majority list; m: minority list).

*** This column shows the attendance of the Statutory Auditors to the meetings of the Board of Statutory Auditors in the period from 1 January 2020 to 31 December 2020 (No. of times in attendance / number of meetings held during the actual period of office of the interested party during the financial year).

**** This column shows the number of directorships or auditorships held by the person pursuant to Article 148-bis of TUF and the related implementing provisions set forth by Consob's Issuers' Rules. The complete list of directorships and auditorships is published by Consob on its website pursuant to Article 144-quinquiesdecies of Consob's Rules for Issuers.

(1) Massimo Cremona, appointed Alternate Auditor by the Shareholders' Meeting held on 23 April 2015, replaced Ettore Maria Tosi on 30 June 2015 in the position of Chairman of the Board of Statutory Auditors, following the latter's resignation.

Number of Meetings held during reference year: 20

Necessary quorum for minorities to submit voting lists for the election of one or more members (pursuant to Article 148 TUF): 1%

BOARD OF DIRECTORS (AS OF 25 MARCH 2021)

LIST (M/M) **	INDEPENDENT AS PER CODE	ATTENDANCE TO THE BOARD OF STATUTORY AUDITORS' MEETINGS ***	NUMBER OF OTHER OFFICES ****
m	X	20/20	37
M	X	20/20	7
M	X	18/20	14
M	X	/	11
m	X	/	5

Banca Generali S.p.A.

Registered office
Via Machiavelli 4 - 34132 Trieste

Share capital
Authorised 119,378,836 euros
Subscribed and paid 116,851,637 euros

Tax code and Trieste register
of companies 00833240328
VAT No. 01333550323

Company managed and coordinated
by Assicurazioni Generali S.p.A.

Bank which is a member of the Interbank
Deposit Protection Fund Registration
with the bank register of the Bank of Italy
under No. 5358
Parent Company of the Banca Generali Banking
Group registered in the banking group register
ABI code 03075.9



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