

REGULATION OF FINECOBANK'S CORPORATE BODIES

BOARD OF DIRECTORS

BOARD OF STATUTORY AUDITORS

Approved by resolution of the Board of Directors dated May 13, 2014,
subsequently amended by resolutions dated August 1, 2016, May 9, 2017
and June 12, 2018

This is an English translation of the original Italian document. The original version in Italian takes precedence.

INDEX

INDEX	2
Introduction	4
A. Board of Directors	5
1. COMPOSITION	5
2. GENERAL PRINCIPLES – ROLE OF THE CHAIRMAN	5
2.1. The role played by the Chairman	6
3. OPERATION OF THE BOARD	6
3.1. Disclosure of preliminary information regarding the agenda to the Corporate Bodies – Preparation of the agenda – Timing, form and content of the documentation	7
3.2. Documentation and record keeping of the decision-making process – Ex post documentation – Transmission of resolutions to the Supervisory Authorities, when required by law	7
3.3. Processing of the information	8
4. POWERS AND DUTIES OF THE BOARD	8
4.1. Meeting and voting majorities	11
4.2. Delegated powers	11
4.3. Information flows	11
4.3.1. <i>Flows of the Board of Directors</i>	12
4.3.2. <i>Flows of the Board Committees</i>	12
4.3.3. <i>Flows from the CEO and General Manager</i>	12
4.3.4. <i>Flows from the Board of Statutory Auditors</i>	12
4.3.5. <i>Flows from the control-related functions</i>	13
4.4. Self-assessment process	13
5. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM	14
B. Internal committees of the Board of Directors	16
1. BOARD’S COMMITTEES	16
1.1. Risks and Related Parties Committee	17
1.1.1. Duties of the Risks and Related Parties Committee	17
1.1.2. Composition of the Risks and Related Parties Committee	19
1.1.3. Organization and operation	20
1.1.4. Temporary replacement in the event of conflict of interests	20
1.1.5. Temporary replacement due to the unavailability or resignation of a member of the Risks and Related Parties Committee in the event of urgent transactions	20
1.2. Remuneration Committee	21
1.2.1. <i>Composition of the Remuneration Committee</i>	21
1.2.2. <i>Organization and operation</i>	22
1.2.3. <i>Temporary replacement due to the unavailability or resignation of a member of the Remuneration Committee in the event of urgent resolutions</i>	22
1.3. Appointments and Sustainability Committee	23
1.3.1. <i>Composition of the Appointments and Sustainability Committee</i>	24
1.3.2. <i>Organization and operation</i>	24
1.3.3. <i>Temporary replacement due to the unavailability or resignation of a member of the Appointments and Sustainability Committee in the event of urgent resolutions</i>	24
C. Board of Statutory Auditors	26
1. COMPOSITION	26
2. OPERATIONS	26
3. CONFIDENTIALITY	26

4. COMPETENCIES	27
5. THE ROLE PLAYED BY THE CHAIRMAN.....	28
6. QUORUM AND RESOLUTION-MAKING MAJORITIES	28
7. SELF-ASSESSMENT PROCESS	28
Annex A.....	30

INTRODUCTION

The “*Regulation of FinecoBank’s Corporate Bodies*” (hereinafter, the “**Regulation**”) govern the functioning, powers and duties of the Corporate Bodies (as defined below), and data flows to these bodies, in accordance with the relevant legal and regulatory provisions, the Company’s Articles of Association as well as the principles contained in the Supervisory regulations on the organization and corporate governance of banks issued by Bank of Italy (please see Circular no. 285 of 17 December 2013) (hereinafter, the “**Supervisory Regulations**”).

The aim of the Regulation is also to ensure that the corporate governance rules pertaining to these bodies are in line with the principles laid down in the Corporate Governance Code drawn up by the Corporate Governance Committee for Listed Companies (hereinafter, the “**Corporate Governance Code**”), and comply with the principles contained in the guidelines issued by the Parent Company UniCredit S.p.A., in the performance of the management and coordination activities undertaken in its capacity as parent company of the UniCredit Banking Group.

The Corporate Bodies referred to in the Regulation are the Board of Directors and the Board of Statutory Auditors of FinecoBank S.p.A. (hereinafter, the “**Bank**” or the “**Company**” or “**FinecoBank**”).

Please note that, the rules governing the Chief Executive Officer and General Manager and the Deputy General Managers is contained in the “*Internal Regulations*” of the Bank, while the rules relating to the Supervisory Board pursuant to Legislative Decree no. 231 dated June 8, 2011 is contained in the document named “*Organisation and Management Model of FinecoBank pursuant to Legislative Decree 231/01*” adopted by the Bank in accordance with the abovementioned decree.

The Regulation are available on the Company’s website.

A. BOARD OF DIRECTORS

1. COMPOSITION

The composition of the Board of Directors (hereinafter, also the “**Board**”) plays a key role in ensuring the effective discharge of the tasks entrusted to it by the law, the Supervisory Regulations and the Articles of Association.

The Board of Directors shall consist of five to thirteen members in accordance with the Articles of Association. Pursuant to Article 13, paragraph 5, of the Articles of Association, the directors shall be elected on the basis of the voting list system.

The number of the Directors must be commensurate with the size and complexity of the Bank’s organizational structure, and allow for the supervision of all corporate operations, as far as management and control are concerned. Furthermore, this number should ensure that the Board includes (i) various representatives of the shareholder base, (ii) the professional expertise necessary to foster internal dialogue, and (iii) a sufficient number of independent members in accordance with the Corporate Governance Code. Lastly, the composition of the Board shall be gender balanced.

In order to ensure that the Board functions properly, the Board of Directors has established requirements FinecoBank Directors must possess, in addition to those envisaged under applicable legal and regulatory provisions, and the number of directorships positions they may hold in other companies, as illustrated in the document entitled “*Qualitative and quantitative composition of the Board of Directors of FinecoBank S.p.A.* (last version approved by the Board of Directors at its meeting of February 7, 2017), which is published on the FinecoBank’s website.

Without prejudice to the limits on the number of offices that the Directors may hold, they may accept a position on the Board if they believe they can dedicate the time necessary to diligently perform their duties, taking into account among other things their commitments to other activities, work-wise or professional, as well as the number of offices as directors or statutory auditors covered in other companies (including non-Italian companies). Based on information submitted by the Directors, in the report on corporate governance and ownership interests the Board annually surveys and discloses any directorships or auditor positions held by the Directors in the aforementioned companies.

The Directors shall notify the Company regarding corporate offices acquired or disposed of during their mandate.

2. GENERAL PRINCIPLES – ROLE OF THE CHAIRMAN

The Directors act and make decisions with full knowledge of the facts, with independence of judgement and autonomously, adopting resolutions which may, reasonably lead – as a primary objective – to the creation of value for shareholders as a whole in the medium-long term, even when management choices have been previously evaluated, addressed or otherwise influenced, within the limits and in compliance with the applicable provisions of law, by those engaged in management and coordination activities.

In carrying out their duties, the Directors shall review the information received from the delegated bodies, ask the same for any clarifications, elaborations or supplements that are deemed necessary or appropriate for a complete and correct evaluation of the facts submitted to the review of the Board.

Certain Directors are given special duties within the Board for specific matters. In designating these Directors, who meet in specific committees and whose functions include providing advice and recommendations, particular importance is attributed to non-executive and/or independent directors

recognized as such – also formally by the Board – based on the provisions of the Articles of Association and the criteria of the Corporate Governance Code.

2.1. The role played by the Chairman

In promoting the effective functioning of the corporate governance system, the Chairman of the Board of Directors, elected by the Board where not elected by the Shareholders' meeting, shall ensure that the Board discusses issues in an efficient manner, foster constructive dialogue between the executive and non-executive directors, seeking the active participation of non-executive members in the Board's proceedings and ensure a suitable balance of power between the Managing Director and other executive directors. The Chairman also acts as the point of contact for the body control body and internal committees.

For the Chairman to effectively perform his/her function, she/he must have a non-executive role and not perform operational functions, even on a de facto basis.

With specific reference to the calling of board meetings, the Chairman shall:

- (i) convene and chair the meetings of the Board of Directors, acting as coordinator of the board's functions;
- (ii) ensure that adequate information – in terms of qualitative and quantitative characteristics – on the items on the agenda is provided to all Board members in good time, so as to allow the Board to make informed decisions on the business to be discussed and approved. Furthermore, the Chairman shall ensure that the documentation relating to the agenda of the Board is made available to Directors and Statutory Auditors in a timely manner prior to the Board meeting; when, in specific cases, it has not been possible to provide pre-meeting information with adequate prior notice, the Chairman ensures that adequate and timely sessions take place during the Board of Directors' meeting.
- (iii) organise and coordinate the work of the Board of Directors, taking into account that in the preparation of the agenda and in the conduct of Board discussions, these issues of strategic importance are dealt with as priorities and that all the time necessary is dedicated to them.

In addition, the Chairman ensures that:

- as a rule, once or twice a year, opportunities are arranged for all Directors to meet, also apart from Board meetings (“off-site”), in order to investigate and discuss strategic issues;
- the self-assessment process is undertaken effectively, its terms and conditions comply with the degree of complexity of the Board's work, and envisaged corrective measures are adopted to tackle any detected shortcomings;
- inclusion programs and training schemes are prepared and implemented for members of the Board of Directors and Board of Statutory Auditors, along with succession plans for senior management positions.

3. OPERATION OF THE BOARD

The Board shall be organized and operate in such a way as to ensure the effective performance of its functions. The Board shall meet, in accordance with the Articles of Association, at the company's registered office or elsewhere in Italy or abroad, usually on a quarterly basis, as well as whenever it is deemed necessary by the Chairman, or when the Managing Director or at least two Directors ask to convene a meeting. The Board may also be convened on the request of a Statutory Auditor.

If deemed appropriate by the Chairman of the Board of Directors, Board meetings may be held using telecommunication media, provided that each attendee can be identified by all the other attendees and that each attendee is able to participate in real time on the matters being discussed, as well as receive, send and view documents.

The Bank's Senior Management Personnel may be invited to participate in Board meetings, without the right to vote, also to report on specific issues when asked to do so.

The Managing Director, as well as each Director, shall be entitled to draw up draft resolutions to submit to the Board of Directors; however, this is on the understanding that appropriate attention and effort must be devoted to ensure that the Board remains fully and promptly informed at all times.

Apart from the Board meetings, the Directors attend "off-site" meetings, in order to investigate and discuss strategic issues, as indicated in the following paragraph 2 above.

The independent Directors shall meet at least once a year in an ad hoc closed session without the other Directors.

In these meetings, the role of Chairman is performed by an independent Director appointed at the first meeting of the independent Directors.

3.1. Disclosure of preliminary information regarding the agenda to the Corporate Bodies – Preparation of the agenda – Timing, form and content of the documentation

Notice of meetings, signed by the Chairman, must be given to all Directors and Standing Auditors within a reasonable period of time, except in the event of emergency. The notice should include the items on the agenda, except in cases where this is not possible due to confidentiality issues, so that the attendees are informed on the issues ahead of time and come prepared to the meeting.

Documentation in support of proposals and any information needed so that the Directors may express an informed opinion on the issues being decided are usually made available to the Directors at least 3 (three) business days prior to the meeting. This period is reduced to one business day for financial documents.

The documentation to be transmitted to individual Directors, preparatory to the adoption of the resolutions and/or information required, has been prepared on the basis of a template (hereinafter, the "**Report**") which consists of a summary of the proposal/information that is submitted to the Board of any powers necessary for the realisation of the decisions made and a section describing the aim of the decision and the justification for it, usually alongside an overview of the implementing rules and, where applicable, the expected timeframe of realization. The Report may be accompanied by additional documentation, and/or opinions given by the competent bodies in relation to the matter on the agenda. The Reports and their attachments are stored in the Company records.

The Chairman shall be responsible for planning of the Board's work, in relation to the relevant items on the agenda, based on input from the Managing Director.

3.2. Documentation and record keeping of the decision-making process – Ex post documentation – Transmission of resolutions to the Supervisory Authorities, when required by law

Communications made during the meeting and all resolutions passed by the Board shall be recorded in minutes transcribed into the minutes book and signed by the Chairman of the meeting and the Secretary.

The minutes shall be submitted for approval at the next Board meeting and must be available for consultation upon request by any of the Directors or Statutory Auditors.

These minutes, with the respective attachments, shall be stored by the Secretary of the Board.

A copy of the minutes containing the resolutions passed by the Board shall be forwarded to the competent Supervisory Authorities, when required by current regulations.

3.3. Processing of the information

All Directors shall be required to ensure the confidentiality of the documents and information obtained in carrying out their duties, and to comply with the procedures adopted by the Company related to internal management and public disclosure of such documents and information.

The Board of Directors shall approve specific provisions aimed at regulating the procedures for handling confidential and inside information, as well as for maintaining the list of persons with access to inside information.

4. POWERS AND DUTIES OF THE BOARD

In view of the fact that the Board of Directors is the body in charge of strategic supervision, it makes decisions regarding the strategic guidelines of the bank and constantly monitors the implementation thereof.

The Board of Directors is vested with all administrative powers, except for those powers reserved by law and the Articles of Association to the Shareholders' Meeting.

In particular, in addition to those duties and powers that cannot be delegated under law, in accordance with the Articles of Association, the Board of Directors shall have exclusive jurisdiction over the following issues:

- the general guidelines, as well as the adoption and amendment of the Bank's industrial, strategic and financial plans, within the framework of the directives imparted by the Parent Company;
- the appointment and dismissal of the Managing Director and/or the General Manager and /or the Deputy General Manager/s and of the Manager in charge of drafting corporate accounting documents;
- the assessments on the general performance of company management;
- the updates to the Articles of Association to bring them in line with legal requirements;
- the corporate mergers and demergers in the cases provided under Articles 2505 and 2505-*bis* and 2506-*ter* of the Italian Civil Code;
- the reduction of the share capital in the event of the withdrawal of a shareholder;
- guidelines on which Directors, in addition to those indicated in these Articles of Association, may represent the Company;
- the establishment of committees or commissions with advisory, decision-making or coordination functions;
- the risk management policies, as well as the evaluation of the functioning, efficiency and effectiveness of the internal control system and the adequacy of the organizational, administrative and accounting structure within the framework of the directives issued by the Parent Company;

- the purchase and sale of investments in associates and joint ventures, companies and/or company divisions, without prejudice to the provisions set out in Article 2361, paragraph 2, of the Italian Civil Code;
- the purchase and sale of property;
- the approval and amendment of internal regulations;
- the appointment and dismissal of the heads of the Internal audit, Compliance and Risk control functions, having consulted the Board of Statutory Auditors;
- the opening and establishment, also for the purpose of structuring powers of signature, in Italy and abroad, of branches, agencies and representative offices, however named, as well as closing them down.

In accordance with the Supervisory Regulations and the dispositions set forth in the Corporate Governance Code, consistent with the provisions of the Articles of Association, the Board of Directors, *inter alia*:

- (a) defines the nature and the level of risk consistent with the strategic objectives of the Bank, including in its assessment all those risks that could be relevant in view of sustainability in the medium to long term of the Bank's activity; reviews and approves the business model while being aware of the risks to which this model exposes the Bank; formalises policies for the management of those risks to which the Bank may be exposed, as well as the risk objectives and tolerance thresholds;
- (b) defines and approves the Bank's organisational and corporate governance structure, verifies the correct implementation and promotes timely corrective measures for any gaps or inadequacies; in particular, the Board of Directors is called upon to ensure the clear separation of tasks and functions, the prevention of conflicts of interest, the corporate structure and the models/guidelines for governance;
- (c) approves the accounting and reporting systems;
- (d) approves the policies and processes for evaluating Company business activities, and, in particular, financial instruments, checking their ongoing adequacy; also establishes the bank's maximum exposure limits for financial instruments or products that are uncertain or difficult to measure;
- (e) approves the process for the development and validation of internal risk measurement systems not used for regulatory purposes and periodically assesses their proper use; also approves the adoption of internal risk measurement systems for assessing capital requirements, periodically checking their validity and adopting – annually, and after consulting the Board of Statutory Auditors – a formal resolution regarding compliance with the requirements for the use of such systems;
- (f) defines the process for approval of new products and services, the commencement of new business and the entry into new markets;
- (g) approves the Company's policy on the outsourcing of business functions;
- (h) adopts, for the purposes of mitigating operational risks and risks to the Bank's reputation and encouraging the spread of a culture of internal controls, a code of ethics with which members of the corporate bodies and employees are required to comply. The code defines the principles of conduct on which company activities must be based (e.g. rules of professional conduct and rules to follow in dealings with clients);
- (i) approves the internal systems of reporting of violations;
- (j) with reference to ICT matters, approves: (i) the development strategies of the information system and the reference model for the architecture of the system; (ii) the policy on information security; (iii) the

guidelines relating to the selection of personnel with technical functions and the procurement of systems, software and services, including the use of outside suppliers, and promotes the development, sharing and updating knowledge on ICT; (iv) the organisational and methodological framework for the analysis of IT risk; (v) the IT risk appetite, regarding internal services and those offered to customers, in accordance with the risk objectives and the framework for the determination of risk appetite defined at corporate level; (vi) the corporate documents required by law for the management and supervision of the information system; the Board shall be informed at least once a year regarding the adequacy of the services provided and the support given by such services to the evolution of business operations compared to the costs incurred and, promptly, in the event of serious problems arising for the business from accidents and/or malfunctions within the information system;

- (k) with reference to the business continuity: (i) defines the objectives and business continuity strategies of the service, ensuring adequate human, technological and financial resources; (ii) approves the business continuity plan and subsequent amendments as a result of technological and organisational adjustments, accepting residual risks not managed by the business continuity plan, and also promoting development, periodic monitoring and updating following significant innovations, or any deficiencies/gaps or risks that may occur; (iii) appoints the head of the business continuity plan; (iv) approves the annual plan for testing of business continuity measures and examines the test results documented in writing;
- (l) defines the criteria for identifying the most significant transactions to be submitted for prior examination by the Risks and Related Parties Committee, and decides on transactions with related parties and affiliated entities under the procedures adopted in this regard;
- (m) determines the remuneration/incentive systems in favour of the key people of the Banks and of the network of financial advisors and the checks to ensure that such systems do not increase business risks and are consistent with long-term strategies;
- (n) prepares and submits the remuneration and incentives policy to the Shareholders' Meeting, on an annual basis, and is responsible for its proper implementation;
- (o) approves the processes concerning the provision of investment services and periodic testing of their adequacy.

Furthermore, the Board of Directors ensures that:

- the bank's structure is consistent with the activities carried out and with the business model adopted, avoiding the creation of complex structures which are not justified by an operational aim;
- the implementation of the relevant framework for determining the Risk Appetite Framework (hereinafter, the "RAF") is consistent with the approved risk objectives and tolerance thresholds (where identified); the Board periodically assesses the suitability and effectiveness of the RAF and the compatibility of actual risk with the risk objectives;
- the strategic plan, the RAF, the process of the *Internal Adequacy Assessment* (ICAAP), the budget and internal control system are consistent, also bearing in mind the changing internal and external conditions under which the bank operates;
- the quantity and allocation of capital and liquidity held are consistent with the risk appetite, the risk governance policies and the risk management process;
- in the case where the Bank operates in jurisdictions lacking transparency or through especially complex

- structures, the Board assesses the related operational risks, especially those of a legal, reputational and financial nature, identifying oversight measures to mitigate them and ensure that they are effectively monitored;
- approves, at least once a year, the work plans (including the audit plan) and reviews the annual reports prepared by the corporate control functions (Compliance, Internal Audit e Risk Management). The Board also approves the long-term audit plan.

Furthermore, the Board of Directors shall ensure the adoption of the directives issued by the parent company UniCredit S.p.A. in exercising the powers attributed to the latter – by the relevant laws and regulations – to give instructions to the various companies of the Group.

Lastly, it is the exclusive task of the Board to report to the shareholders at the Shareholders' Meeting.

4.1. Meeting and voting majorities

The majority of the members currently in office must be present for resolutions to be valid.

The Directors are entitled to have their votes against or abstentions, and the reasons thereof, placed on record in the minutes of the meeting.

Board resolutions are passed by a majority of the votes cast, excluding abstentions; in the event of a tie, the Chairman shall cast the tie-breaking vote.

4.2. Delegated powers

Powers shall be delegated in such a way that does not deprive the Board of its fundamental rights and prerogatives.

The Board establishes the content of the delegated powers in a detailed, clear and precise manner, also indicating the limits in terms of quantity and amount, as well as the means of exercising the delegated powers. This will also allow the Board of Directors to accurately check that its overriding executive and removal powers are correctly complied with and exercised.

The delegated bodies report to the Board of Directors and the Board of Statutory Auditors, on at least a quarterly basis, on the activities performed in the exercise of their delegated powers.

4.3. Information flows

The flow of information amongst and within Corporate Bodies is essential to ensure that the objectives of efficient management and effective control of the bank are actually achieved.

In order to ensure the ongoing and comprehensive flow of information amongst and within the Corporate Bodies, the Board shall approve and oversee the maintenance and update of a structured information flow system over time that regulates the circulation of information and ensures the correct flow in a timely and comprehensive manner, whilst respecting the responsibilities of the various bodies with supervisory and control functions.

The analytical identification of these flows, their content and timing was carried out by the Board of Directors, among other places, in the “*Document on the corporate bodies and functions with supervisory tasks*” approved by the same. With regard to transactions with related parties and affiliated entities, please

refer to the “*Procedures for the management of transactions with parties in conflict of interest*” (hereinafter, “**OPC Procedure**”) and information flows therein.

Below are identified the persons required to submit, on a regular basis, information flows to the Corporate Bodies and describes the minimum content and the timing of the main flows.

4.3.1. Flows of the Board of Directors

The Board of Directors, making use of the relevant units at the Company, provides the Board of Statutory Auditors, pursuant to Article 150 of the Legislative Decree no. 58 dated February 24, 1998 (hereinafter, the “**Consolidated Law on Finance**”) with information on the activities carried out by the Company and on the transactions carried out by the Company with the most economic, financial and equity-related significance, with particular regard to potential conflicts of interest. To this end, reports concerning the activities and the transactions in question are sent to the Board of Statutory Auditors at least quarterly also to allow the Board of Statutory Auditors itself to draw up its report on the financial statements in accordance with the requirements of CONSOB, among others. The Board of Statutory Auditors attends the meetings of the Board of Directors.

4.3.2. Flows of the Board Committees

The Committees through their Chairmen report at the next meeting of the Board of Directors on the work performed at the immediately preceding meeting of the relevant Committee.

In order to strengthen the coordination of functions between different bodies as well as to optimise the distribution of adequate information flows, Committee meetings are attended by the Chairman of the Board of Statutory Auditors and the other Auditors.

In addition to the provisions of this Regulation, for the flow of information relating to the operations of the Risks and Related Parties Committee in the exercise of duties allocated by the current rules and regulations governing transactions with related parties and its connected persons, please refer to the provisions laid down in the OPC Procedures.

4.3.3. Flows from the CEO and General Manager

For the purpose of ensuring the correct and orderly management of the Bank, the Board of Directors has established a system of proxies pursuant to which it has empowered the CEO and General Manager with the faculties and assignments necessary to execute all operations the Company may undertake pursuant to Article 4, paragraph 1, of the Articles of Association. In this context, pursuant to the terms, conditions and deadlines defined by the Board, the CEO and General Manager informs the Board of Directors on sub-proxies granted and how management has exercised the proxies it has been granted.

The CEO and General Manager received information by corporate functions necessary to guarantee oversight of his area of competence, predominantly with regard to managerial committees or through ad hoc data flows addressed to him.

4.3.4. Flows from the Board of Statutory Auditors

On an annual basis, the Board of Statutory Auditors drafts and sends its calendar of meetings to the Chairman of the Board of Directors.

Periodically, the Board of Statutory Auditors sends to the Board of Directors a full copy of minutes drafted during the course of its own meetings along with the remarks, recommendations and opinions it has formulated. The items addressed and recommendations that emerge within the framework of exchanging in company information with the external auditors are of particular importance. In exercising its functions, the Board of Statutory Auditors informs the Board of Directors of its mandatory opinion with special reference to the following issues (among others): (a) approval of the resolution of co-optation of a director pursuant to Article 2386 of the Italian Civil Code; (b) remuneration of Directors who hold special positions pursuant to Article 2389 of the Italian Civil Code; (c) appointment of the Manager in charge of drafting corporate accounting documents; (d) internal policies and procedures for managing activities involving risk and conflict of interest with regard to related and associated parties.

When called upon to report to the Shareholders' Meeting on the supervisory activities it has conducted during the year, omissions and reprehensible actions that may have been detected, the Board of Statutory Auditors informs the Board of Directors of outcomes in its annual report to shareholders.

The Board of Statutory Auditors receives direct data flows from corporate bodies, committees and company functions with control-related duties as regulated in the "*Document of Corporate Bodies and Control Functions*".

4.3.5. *Flows from the control-related functions*

Control-related functions (Compliance, Group Risk Management and Internal Audit) directly send regular flows to each Corporate Body as per their specific area of competence.

These flows are typically prepared on the basis of specific requirements pursuant to applicable rules and regulations or to specific internal self-regulation as identified by the Board of Directors in compliance Supervisory Regulations. In particular, the relevant reports must be sent directly to the Board of Statutory Auditors by the heads of these functions.

Furthermore, in order to implement the necessary organisational controls for the proper management of information flows and to provide the necessary information on other aspects (forms, tasks and duties and other content), not covered in this Regulation, specific organisational procedures have been adopted that accurately describe the activities and controls related to the "*Management of the Board of Directors*", the "*Management of confidential information*", in relation to the complexity of the information processed, as well as the aforementioned "*Procedures for the management of transactions with parties in conflict of interest*".

4.4. Self-assessment process

Pursuant to the Supervisory Regulations, the Board of Directors will submit to a periodic self-assessment process, with the following purposes:

- to ensure verification of the correct and effective functioning of the Board of Directors and its proper composition;
- to ensure substantial compliance with the provisions set forth in the Supervisory Regulations and the purposes which they are intended to fulfil;
- to facilitate the updating of internal regulations overseeing the functioning of the Board, in order to ensure their suitability in light of the changes caused by the evolution of the activity and the business environment;

- to detect any major weaknesses, promote discussion within the Board and define the corrective actions to be taken;
- to strengthen the relationship of cooperation and trust between the individual members and the functions of strategic supervision and management;
- to encourage the active participation of the individual members, ensuring full awareness of the specific role played by each of them and the related responsibilities.

The banks lead the self-assessment process of the bodies with strategic supervision and management functions taking into account the criteria specified in the Supervisory Regulations. The self-assessment process is carried out at least annually.

It is good practice, in banks which are larger or have greater operational complexity, that at least once every 3 (three) years the self-assessment is carried out with the help of an outside professional capable of ensuring independent judgement.

The analyses performed are formalised in a separate document that explains: (i) the methodology and the individual phases of which the process is made up; (ii) the parties involved, including any outside professionals; (iii) the results, highlighting the strengths and weaknesses emerged; iv) the corrective actions that may be required; reports on their implementation or progress must be given only in a subsequent self-assessment. The document prepared in this way is approved by the Board of Directors and submitted, where required, to the Bank of Italy or the European Central Bank.

The self-assessment takes into account the checks required pursuant to Article 26 of the Legislative Decree no. 385 dated September 1, 1993 (hereinafter, the “**Consolidated Law on Banking**”) and those on the additional requirements of the Articles of Association for the recruitment of the posts as well as the respect of the prohibition of interlocking directorships pursuant to Article 36 of Legislative Decree no. 201 of December 6, 2011, converted from Law no. 214 of December 22, 2011. Where possible, self-assessment was performed in conjunction with these checks.

The rules governing the self-assessment process are provided in “**Annex A**”.

5. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Board of Directors shall be responsible for the internal control and risk management system (hereinafter, the “**Internal Control and Risk System**”), providing strategic guidance and evaluation on the overall adequacy of the system, and, as part of this, shall identify:

- (i) a director charged with the task of establishing and maintaining an effective internal control and risk management system (hereinafter, the “**Appointed Director**”);
- (ii) an internal Committee (named “*Risks and Related Parties Committee*”; please see below part B, paragraph 1.1.), consisting solely of independent directors, with the task of supporting, on the basis of adequate due diligence activities, the evaluations and decisions made by the Board of Directors in relation to the internal control and risk management system, as well as those regarding the approval of the periodic financial reports.

The Board of Directors, after obtaining the favourable opinion of the Risks and Related Parties Committee, shall:

- (a) define the guidelines of the Internal Control and Risk System, assesses at least annually the consistency and adequacy of the company’s characteristics, its strategic direction and its risk profile, as well as its effectiveness, in terms of the ability to grasp the evolution of the business risks

and the interaction between them, assigning the Director in charge of establishing and maintaining an effective Internal Control and Risk System;

- (b) appoint, after consultation with the Board of Statutory Auditors, the person in charge of the Internal Audit function (hereinafter, the “**Head of Internal Audit**”), who is responsible for checking that the Internal Control and Risk Management System functions properly and ensuring that internal audits are carried out independently and in a way that guarantees the effectiveness and efficiency of its work;
- (c) approve, on at least an annual basis, the audit plan drafted by the Head of Internal Audit, subject to approval by the Risks and Related Parties Committee and the Appointed Director, and after consultation with the Board of Statutory Auditors;
- (d) assess, after consultation with the Board of Statutory Auditors, the findings reported by the independent auditor in the management letter, if any, and in the report on the key issues raised during the audit.

The Appointed Director:

- shall determine the tools and implementation procedures for the Internal Control and Risk Management System in accordance with the guidelines of the Board of Directors;
- shall ensure the overall adequacy of the system, its effective operation and its adaptation to changes in the operating environment and in the legislative and regulatory landscape;
- shall submit proposals to the Chairman of the Board of Directors concerning the appointment or dismissal of the Head of Internal Audit;
- shall implement any changes that need to be made to the Internal Control and Risk Management System as a result of the audit findings;
- promptly report any problems and critical issues to the Risks and Related Parties Committee (or to the Board of Directors) discovered while performing of his/her work or which he/she has learned about, and at the same time inform the Chairman of the Board of Directors, so that the Risks and Related Parties Committee (or the Board of Directors) can take the appropriate action.

B. INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS

1. BOARD'S COMMITTEES

To ensure that the Board is well informed and advised and can thus effectively assess specific matters falling within its jurisdiction, accordingly with the Supervisory Regulations three internal committees – *i.e.* (i) the Risks and Related Parties Committee, (ii) the Remuneration Committee and (iii) the Appointments and Sustainability Committee – have been appointed for the purpose of providing advice and making proposals. The committees feature limited membership and focus on separate issues (hereinafter, the “**Committees**”). The members of the Committees are chosen based upon their expertise and willingness to accept the post.

Committees shall meet on a regular basis and whenever required due to special circumstances. Committee meetings shall be considered validly convened if the majority of its members are present. Each Committee shall resolve with an absolute majority of those present.

The meetings of the Committees shall meet through a notice of call sent at least four business days before the scheduled date of the meeting. The notice of call, also sent via fax or email by the Chairman through the Secretary of each Committee, should include the details of the place, date and time of the meeting, as well as the items on the agenda to be discussed. In case of urgency, determined to be so by the Chairman of each Committee, the meetings may be held with one day's notice. The Committee meetings shall be valid even without a prior convening notice, provided that all the members are present.

Except in the cases of urgency, the relevant documentation in support of proposals, and any information needed so that the members of the Committees may express an informed opinion on the issues being decided, are usually made available at least three business days prior to the meeting.

The meetings of each Committee may be held using telecommunication media, provided that each attendee can be identified by all the other attendees, and that each attendee is able to participate in real time on the matters being discussed, as well as receive, send and view documents. The minutes of the Committee meetings shall be transcribed briefly by the Secretary, who need not be a member of the Committee. If the Secretary is absent or otherwise prevented from performing this task, the person chairing the meeting shall appoint a replacement. The minutes contain, amongst other things, the reasons for any disagreements expressed by the Committee members. The Secretary shall retain the minutes of the meeting for consultation by Committee members who did not attend the meeting, as well as Directors and Statutory Auditors.

The Chairman of each Committee reports at the first subsequent Board of Directors meeting.

Each Committee shall be assigned adequate financial resources for the performance of their duties within the limits of the budget approved by the Board of Directors, enough to guarantee operational independence, which may be supplemented to meet specific needs. The Committees are entitled to involve external experts.

The Shareholders' Meeting shall resolve on the annual remuneration for the members and/or an attendance fee for participating in the Committees.

To perform their duties, these Committees are endowed with adequate instruments and data flows from the competent functions in order to enable them to arrive at their assessments by accessing corporate information relevant for this purpose.

Please find below the description, for each Committee, of their composition, powers, resources available and internal regulations.

1.1. Risks and Related Parties Committee

To ensure that the Board is well informed and advised and can thus effectively assess specific matters falling within its jurisdiction, the Risks and Related Parties Committee has been established within the Board of Directors. This Committee is responsible for supporting, on the basis of adequate due diligence activities, the evaluations and decisions made by the Board of Directors in relation to the internal control and risk management system, as well those related to the approval of the periodic financial reports.

1.1.1. Duties of the Risks and Related Parties Committee

The role of the Risks and Related Parties Committee, as a supporting function of the Board of Directors, is to provide information, advice, make proposals and enquiries, in defining, using a risk-oriented approach, the guidelines for the entire internal control system and to assess its effectiveness and efficiency, so that the main risks are properly identified, as well as appropriately measured, managed and monitored, without prejudice to the Board of Director's power to make all decisions on the issue at hand.

The Risks and Related Parties Committee helps to promote a corporate culture that values the control function, steering it towards a risk-oriented approach.

The Committee's mission also includes evaluating the correct use of the accounting standards for the financial statements and overseeing the effectiveness of the audits and the activities of external auditors.

The Risks and Related Parties Committee is also responsible for related-party transactions pursuant to Consob Resolution no. 17221 of March 12, 2010 and with associated persons pursuant to the applicable Supervisory Regulations.

The Risks and Related Parties Committee, among others:

- (a) in relation to the model for outsourcing audits adopted by the Bank is called upon to perform the following activities:
 - verifying that the service levels governed by outsourcing contracts for audit activities are complied with at all times, providing support to the Board of Directors and Appointed Director in evaluating the adequacy of the services received and verifying that the audits conducted by the Internal Audit function are primarily based on the constantly updated risk assessment analyses;
 - monitoring the compliance with Group Internal Audit Framework;
- (b) identify and propose to the Board of Directors, making use of the Appointments and Sustainability Committee, the heads of the Compliance, Internal Audit and Risk Management functions to be appointed;
- (c) contributes to the definition, based on a risk-oriented approach, of the guidelines of the internal control system, so that the main risks facing the Company are correctly identified and adequately measured, managed and monitored; which it concludes with assessments and the making of recommendations to the Board of Directors on compliance with the principles with which the system of internal controls and business organisation need to be defined and the requirements that need to be met by the Compliance, Internal Audit and Risk Management functions, bringing to the attention of the Board any weaknesses, along with the resulting corrective actions to be promoted;
- (d) reports to the Board of Directors, at least every six months, when the annual financial statements and the half-yearly financial statements are approved, on activities carried out and on the adequacy of the internal control and risk management system;

- (e) makes a prior examination of the activity schedules (including the Internal Audit plan) and the annual reports by the Compliance, Internal Audit and Risk Management functions as submitted to the Board;
- (f) examines the periodic reports and the audit reports produced by the Internal Audit department and evaluates any deficiencies arising therefrom, following the overcoming of the reported deficiencies/abnormalities as well as the implementation of the proposed remedies and the possible adoption of the recommendations suggested;
- (g) supports, with proper preliminary investigation, the assessment and decisions of the Board of Directors in relation to the management of risks arising out of prejudicial acts of which the Board of Directors is aware;
- (h) contributes, through assessments and opinions, to the definition of the company's policy of outsourcing of control functions;
- (i) verifies that the Compliance, Internal Audit and Risk Management functions conform exactly to the indications and guidelines of the Board and assist the latter in preparing the coordination documents required by the Supervisory Provisions;
- (j) evaluates, together with the head of the corporate department in charge of preparing corporate accounting documents and the external auditors, the correct application of accounting principles used for the preparation of financial statements;
- (k) examines the process of formation of infra-annual reports required by law, as well as the annual financial statements, on the basis of the relevant departments in charge of the applicable functions;
- (l) evaluates the proposals made by the external auditing firms to obtain the audit contract, including the amount of their remuneration;
- (m) supervises the auditing process, reviewing the work plan prepared for the audit and the results described in the report and any letters of recommendations;
- (n) meets at least once a year with the external auditors;
- (o) examines the reports received from the Board of Statutory Auditors, from the Supervisory Board under the Legislative Decree no. 231 of June 8, 2001 and the Regulatory Authorities, assessing the findings therein and ensuring the rectification of any abnormal situations and possible deficiencies noted therein;
- (p) it may ask the Internal Audit function to make assessments on specific operating areas, giving simultaneous notice to the Chairman of the Board of Statutory Auditors, the Chairman of the Board of Directors and to the Supervisory Director;
- (q) delivers its opinion to the Board of Directors on the Corporate Governance Report, the purpose of the description of the Internal Control and Risk System and the assessment of the adequacy of the same;
- (r) formulates preliminary opinions (or, where applicable, binding opinions) on the procedures governing the identification and management of transactions with related parties and/or connected persons put in place by the Company as well as any amendments thereto;
- (s) also provides preliminary and grounded opinions, as expressly provided, on the interest in completing the transaction with related parties and/or connected persons put in place by the Bank and the convenience and substantial correctness of the relevant conditions;
- (t) in case of significant transactions with related parties and/or connected persons, the Risks and Related Parties Committee shall be involved – if so deemed by the same, by means of one or more appointed members – in the negotiation phase and the preparatory phase by means of receiving a complete and

timely information stream, with the power to request information and to make observations to the delegated bodies and the persons in charge of the negotiations or the investigation.

With particular reference to the tasks in matters of risk management and control, the Risks and Related Parties Committee performs support functions to the Board:

- in the definition and approval of strategic guidelines and the risk management policies. In the context of RAf , the Risks and Related Parties Committee carries out the evaluation and propositional activity required to ensure that the Board of Directors, as required by Supervisory Regulations, may define and approve the objectives of risk (“*Risk Appetite*”) and the risk tolerance threshold (“*Risk Tolerance*”);
- in the verification of the correct implementation of strategies, governance policies on risk and the RAF;
- in the definition of policies and processes for evaluating company activities, including verification such that the price and conditions of transactions with customers are consistent with the business model and strategies as regards risk.

Without prejudice to the powers of the Remuneration Committee, the Risks and Related Parties Committee is involved in the process of identification of the Bank’s key people (accordingly with the EBA guidelines dated June 27, 2016 “*on sound remuneration policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013*”, § 101) and ensures that the incentives underlying the remuneration and incentive system are consistent with the RAF, particularly in view of capital and liquidity risks.

The Risks and Related Parties Committee and the Board of Statutory Auditors exchange all information of mutual interest and, where appropriate, coordinate the development of their respective tasks.

1.1.2. Composition of the Risks and Related Parties Committee

The Risks and Related Parties Committee consists of three non-executive independent Directors, including a Chairman, appointed by the Board of Directors.

At least one member of the Committee is required to have adequate experience in accounting and finance or risk management, to be assessed by the Board of Directors at the time of appointment. All members of the Risks and Related Parties Committee must have the knowledge, skills and experience to fully understand and monitor the Bank's strategies and risk orientations.

The members of the Risks and Related Parties Committee shall remain in office for as long as they are members of the Board of Directors, unless a shorter term is decided on at the time of their appointment. They may resign as member of the Committee, without this necessarily entailing resignation from the Board of Directors.

If, for any reason whatsoever, a member no longer holds the position, the Board of Directors will replace the member. The expiry of the new member’s term of office coincides with that of the outgoing member. If the Chairman of the Committee ceases to hold office, the Board of Directors will appoint a new Chairman at the time of appointing the replacement member.

1.1.3. Organization and operation

The Risks and Related Parties Committee shall meet, also by means of telecommunication, as often as necessary to perform their functions, as well as at the request of any of its members or the Chairman of the Board of Statutory Auditors.

In the event the Chairman is absent or incapacitated, the oldest member of the Committee shall act as Chairman.

The Manager charged with preparing the Company's financial reports pursuant to art. 154-*bis* of the Consolidated Law on Finance, the head of the Internal Audit function and the Chairman of the Board of Statutory Auditors or other statutory auditor designated by him shall participate in the Committee meetings; executive directors, senior managers of the Company and external auditors may be invited to participate at the meetings for specific issues.

The Chairman of the Board of Directors and the Managing Director of the Company are entitled to participate at the meetings.

1.1.4. Temporary replacement in the event of conflict of interests

With reference to the activities related to formulating opinions on transactions with related parties and/or with associated persons undertaken by the Bank, for each transaction considered, the members of the Risks and Related Parties Committee must be different from the counterparty and parties related thereto.

If a member of the Committee is a counterparty in the transaction (or connected to the counterparty), he/she must promptly inform the Chairman of the Board of Directors and the Chairman of the Risks and Related Parties Committee and refrain from taking part in any further business of the Committee for the relevant transaction.

In this event, the Chairman of the Board of Directors, having consulted with the Chairman of the Risks and Related Parties Committee, immediately replaces the member who is in conflict of interest by appointing, after having contacted him/her, another independent and unconnected member of the Board of Directors.

1.1.5. Temporary replacement due to the unavailability or resignation of a member of the Risks and Related Parties Committee in the event of urgent transactions

In the event of transactions with related parties and/or associated persons which must be urgently completed and which involve the Risks and Related Parties Committee in the negotiation and due diligence phases and/or in issuing an opinion, the Chairman of the Risks and Related Parties Committee – after having acknowledged the urgency of the transaction and having established that the majority or all members are unavailable to meet or to carry out the required activities in time for the transaction to be concluded – shall promptly notify the Chairman of the Board of Directors of this situation.

In any case, this communication must be sent no later than the day after the Chairman of the Risks and Related Parties Committee learns that the majority or all of the members are unavailable.

The Chairman of the Board of Directors, having consulted with the Managing Director to assess the actual urgency of the transaction, shall immediately reform the Risks and Related Parties Committee by appointing the required number of independent Directors for the composition of this Committee, following the same procedure as when a member has to be temporarily replaced due to a conflict of interests (appointment of the replacement(s) from among independent members of the Board of Directors).

The above shall also apply when the unavailability of the majority is due to the resignation of a member of the Risks and Related Parties Committee.

1.2. Remuneration Committee

Pursuant to the Supervisory Regulations and the provisions set forth in the Corporate Governance Code, the Company established among its members a remuneration committee named “*Remuneration Committee*”.

The Remuneration Committee, with the functions of informing, advising and making proposals to the Board:

- (i) presents proposals or issues opinion to the Board for the definition of a general remuneration policy for the Managing Director, the General Manager, and other key management personnel and the most important key personnel, also with reference to the identification process, so that the Board is also able to prepare the Report on Remuneration to be presented to the Shareholders’ Meeting on an annual basis and to periodically assess the suitability, overall consistency and effective application of the general remuneration policy approved by the Board;
- (ii) presents proposals or issues opinion to the Board relating to the overall remuneration of the Managing Director, the General Manager, and other key management personnel, and the most important key personnel and for determining criteria for the remuneration of the Company’s senior management, including the relevant performance targets related to the variable component of the remuneration;
- (iii) monitors the implementation of the decisions adopted by the Board and specifically verifies that the performance targets are actually achieved;
- (iv) examines any share-based or cash incentive plans for employees and financial advisors of the Company and strategic staff development policies;
- (v) directly supervises the correct application of the remuneration rules related to the persons in charge of the Company’s control functions, in close liaison with the audit body;
- (vi) cooperates with the other Committees, in particular with the Risks and Related Parties Committee, which, with reference to the remuneration and incentive policies, examines whether the incentives provided by the remuneration system take into account the risks, share capital and liquidity, provided that this does not affect the tasks assigned to the Remuneration Committee, with which adequate coordination must be ensured;
- (vii) ensures the involvement of the relevant business functions in the process of drawing up and monitoring remuneration and incentive policies and practices;
- (viii) provides an adequate reporting on the activities carried out by the Corporate Bodies, including the Shareholders’ Meeting.

1.2.1. Composition of the Remuneration Committee

The Committee consists of three non-executive independent Directors, including a Chairman appointed by the Board of Directors.

At least one committee member shall have an adequate knowledge and experience in finance or remuneration policies, to be assessed by the Board of Directors at the time of his/her appointment.

The members of the Committee shall remain in office for as long as they are members of the Board of Directors, unless a shorter term is decided on at the time of their appointment. They may resign as member of the Committee, without this necessarily entailing resignation from the Board of Directors.

If, for any reason whatsoever, a member no longer holds the position, the Board of Directors will replace the member. The expiry of the new member's term of office coincides with that of the outgoing member. If the Chairman of the Committee ceases to hold office, the Board of Directors will appoint a new Chairman at the time of appointing the replacement member.

1.2.2. Organization and operation

In performing its duties, the Remuneration Committee may call on corporate functions as well as external consultants at the Company's expense, within the budget limits established on an annual basis by the Board of Directors. When using the services of an external advisor to obtain information on market standards for remuneration policies, the Committee shall first ensure that there is no risk that the consultant's independence of judgement may be compromised.

The Committee shall meet when convened by its Chairman, whenever he/she deems necessary, or upon the request of one of its members.

The Chairman of the Board and the Managing Director of the Company are entitled to participate at the meetings. The Chairman of the Board of Statutory Auditors shall also be invited to the meetings, and may delegate another Statutory Auditor to attend the meetings.

The Committee may, when it deems it appropriate, invite other individuals from within the Company to attend the meetings, in relation to the corporate functions and organisations concerned by the issues at hand, including members of other Board's Committees, or external parties, whose presence may facilitate the Committee in performing its functions.

No Director shall participate in meetings of the Committee in which proposals are reviewed and presented to the Board of Directors relating to his/her remuneration.

At the Company's annual Shareholders' Meeting, the Committee or the Board of Directors, based on the information provided to them, shall report on the remuneration policies and the Committee (via its Chairman or other member of the Committee) shall report on the exercise of its functions.

1.2.3. Temporary replacement due to the unavailability or resignation of a member of the Remuneration Committee in the event of urgent resolutions

In the case where the Remuneration Committee is called on to express its opinion on urgent matters under its jurisdiction, the Chairman of the Committee, after having acknowledged the urgency of the situation and having established that the majority or all members are unavailable to meet or to carry out the required activities in due time, promptly informs the Chairman of the Board of Directors of this situation.

In any case, the Chairman of the Board of Directors must be notified no later than one day after the Chairman of the Remuneration Committee learns that the majority or all of the members are unavailable.

The Chairman of the Board of Directors, having consulted with the Managing Director to assess the urgency of the resolution, shall immediately reform the Committee by appointing the required number of Independent Directors, nominating, after having contacted him/her, another independent member of the Board of Directors.

The above shall also apply if the unavailability of the majority is due to the resignation of a member of the Remuneration Committee.

1.3. Appointments and Sustainability Committee

Pursuant to the Supervisory Regulations and the dispositions set forth in the Corporate Governance Code, the Company established among its members a committee named “*Appointments and Sustainability Committee*”.

The Appointments and Sustainability Committee, with the functions of informing, advising and making proposals to the Board:

- (i) supports the Board of Directors in the process of appointment and co-optation of the Directors pursuant to the Supervisory Regulations *pro tempore* in force;
- (ii) issues opinions to the Board of Directors – on the proposals formulated, as appropriate, by the Chairman of the Board or the Managing Director – concerning:
 - the definition of policies for appointing the Company’s Directors (including the qualitative and quantitative profile required by the Supervisory Regulations);
 - the appointment of the Managing Director and/or the General Manager and other key management personnel;
 - the definition of any succession plans for the Managing Director, the General Manager and other key management personnel;
 - the identification of FinecoBank director candidates in the event of co-optation, and of independent Director candidates to be submitted for approval by the Company Shareholders’ Meeting, taking into account any reports received from Shareholders;
 - the appointment of members of the Board’s Committee;
 - the various stages of the self-evaluation process (please see “**Annex A**”);
- (iii) supports the Risks and Related Parties Committee in the identification and proposal process of the heads of the Compliance, Internal Audit and Risk Management functions to be appointed;
- (iv) supports the Board of Directors in verifying the conditions laid down under Article 26 of the Consolidated Law on Banking (company representatives’ requirements);
- (v) issues opinions to the Board of Directors related to the appointment of corporate officers (i.e. members of the Boards of Directors, Boards of Statutory Auditors and Supervisory Boards) at the subsidiary companies;
- (vi) supervises the sustainability issues related to FinecoBank operations and the dynamics of interaction with all stakeholders; in particular, the Committee:
 - monitoring the sustainable growth strategy of the Company over time, based on relevant Group and international guidelines and principles;
 - contributes to evaluate the risks that could be significant in the medium/long term (Application Criterion 1.C.1. of the Corporate Governance Code); more specifically, the Committee monitors activities to identify risks connected with sustainability, environmental and social issues;
 - exams and, if any, formulates proposals concerning plans, objectives, rules and company procedures on social and environmental issues, monitoring implementation over time;
 - monitoring the positioning of the Company in relation to financial markets as regards sustainability issues and relations of the latter with all stakeholders;

- in advance, examines the content of the paragraph of the yearly Integrated Report related to FinecoBank (as well as the completeness and the transparency of the relevant information set forth in the paragraph abovementioned) to be submitted for approval to the Board of Directors, providing its own comments.

1.3.1. Composition of the Appointments and Sustainability Committee

The Committee consists of three non-executive independent Directors, including a Chairman appointed by the Board of Directors.

The members of the Committee shall remain in office for as long as they are members of the Board of Directors, unless a shorter term is decided on at the time of their appointment. They may resign as member of the Committee, without this necessarily entailing resignation from the Board of Directors.

If, for any reason whatsoever, a member no longer holds the position, the Board of Directors will replace the member. The expiry of the new member's term of office coincides with that of the outgoing member. If the Chairman of the Committee ceases to hold office, the Board of Directors will appoint a new Chairman at the time of appointing the replacement member.

1.3.2. Organization and operation

In performing its duties, the Appointment and Sustainability Committee may call on corporate functions as well as external consultants at the Company's expense, within the budget limits established on an annual basis by the Board of Directors. When using the services of an external advisor, the Committee shall first ensure that there is no risk that the consultant's independence of judgement may be compromised.

The Appointment and Sustainability Committee shall meet when convened by its Chairman, whenever he/she deems necessary, or upon the request of one of its members.

The Chairman of the Board and the Managing Director of the Company are entitled to participate at the meetings. The Chairman of the Board of Statutory Auditors shall also be invited to the meetings, and may delegate another Statutory Auditor to attend the meetings.

The Appointment and Sustainability Committee may, when it deems it appropriate, invite other individuals from within the Company to attend the meetings, in relation to the corporate functions and organisations concerned by the issues at hand, including members of other Board's Committees, or external parties, whose presence may facilitate the Committee in performing its functions.

1.3.3. Temporary replacement due to the unavailability or resignation of a member of the Appointments and Sustainability Committee in the event of urgent resolutions

In the case where the Appointments and Sustainability Committee is called on to express its opinion on urgent matters under its jurisdiction, the Chairman of the Committee, after having acknowledged the urgency of the situation and having established that the majority or all members are unavailable to meet or to carry out the required activities in due time, promptly informs the Chairman of the Board of Directors of this situation.

In any case, the Chairman of the Board of Directors must be notified no later than one day after the Chairman of the Appointments and Sustainability Committee learns that the majority or all of the members are unavailable.

The Chairman of the Board of Directors, having consulted with the Managing Director to assess the urgency of the resolution, shall immediately reform the Committee by appointing the required number of Independent Directors, nominating, after having contacted him/her, another independent member of the Board of Directors.

The above shall also apply if the unavailability of the majority is due to the resignation of a member of the Appointments and Sustainability Committee.

C. BOARD OF STATUTORY AUDITORS

1. COMPOSITION

The Board of Statutory Auditors consists of three standing Statutory Auditors, one of whom is Chairman.

The Shareholders' Meeting further appoints two alternate Statutory Auditors.

The Board of Statutory Auditors must ensure equality between the genders.

The Statutory Auditors may take on management and control positions at other companies within the limits established by applicable legal and regulatory provisions. They may not, however, take on positions at bodies other than those that are involved in audits at other Group companies or the financial conglomerate, or in companies in which the Bank directly or indirectly holds a strategic equity investment.

2. OPERATIONS

The Board of Statutory Auditors meets at the registered premises or elsewhere, in Italy or abroad, as a rule every month, and on every occasion that the Chairman considers it necessary.

A convocation notice must be sent out to all standing Statutory Auditors reasonably far in advance, unless the situation is an emergency.

In order to ensure informed and aware participation, the convocation notice must state the agenda items up for debate, unless special confidentiality-related reasons apply. As a rule, at least 48 hours prior to the meeting, the Chairman provides auditors with appropriate documentation of proposals, supporting documentation and the information necessary for them to express their opinions in an informed manner on the topics under deliberation at the meeting.

The programming of the work of the Board of Statutory Auditors, placed from time to time on the agenda, the Chairman, in consultation with other Statutory Auditors.

Should the Chairman consider it appropriate, Board of Statutory Auditors meetings may be held via telecommunications media in compliance with the provisions of the Articles of Association.

Group employees may be invited to attend Board of Statutory Auditors meetings, if requested to report on specific topics.

Communications made during the meeting and the resolutions passed by the Board shall be recorded in the minutes recorded in the appropriate book, signed by the Chairman of the meeting and the other Statutory Auditors (*"as having been read"* in case of absence).

These records are available for inspection at the request of each of the Auditors and can be consulted by members of the corporate bodies of the Bank following approval by the Chairman of the Board of Statutory Auditors.

3. CONFIDENTIALITY

All Statutory Auditors are duty-bound to maintain the confidentiality of documents and information obtained while performing their duties, and to comply with the procedures UniCredit has adopted for its internal management and external disclosure of such documents and information.

Confidentiality is a necessary precondition to guarantee that information can be passed on to auditors promptly and completely with regard to all elements significant for decision-making.

The documentation sent to Directors ahead of Board meetings is also simultaneously transmitted to the Auditors.

4. COMPETENCIES

The Board of Statutory Auditors undertakes the tasks and functions envisaged under applicable law and regulations.

In particular, it oversees compliance with statutory law, regulations and the Articles of Association, correct administration, the adequacy of organization and accounting structures, the risk management and control system, external auditing of the annual individual and consolidated accounts, independence of the external auditors and the process of financial disclosure.

The Board of Statutory Auditors must inform the Bank of Italy without delay of any deed or act of which it becomes apprised that may constitute a significant irregularity in the management of banks or a significant infringement of banking laws and regulations.

The Board of Statutory Auditors is an integral part of the overall internal control system, carrying out functions established under Supervisory Regulations.

The Board of Statutory Auditors works in close cooperation with the corresponding corporate body of the Parent Company.

The Board of Statutory Auditors is responsible for overseeing the functioning of the overall internal control system. Having regard to the multiplicity of functions and corporate structures with control-related duties and responsibilities, this body is required to check on the efficacy of all structures and functions involved in the controls system and on the adequate coordination of the same, promoting corrective actions to remedy any shortcomings and irregularities detected.

The Board of Statutory Auditors may work with in-company control structures and functions to undertake and orient its audits and necessary checks. In order to accomplish this, it receives adequate regular data flows and information on specific situations/company performance.

Given this close connection, the Board of Statutory Auditors is specifically heard not just on decisions regarding the appointment and dismissal of the Heads of control-related corporate functions (Compliance, Group Risk Management and Internal Audit), but also on defining the essential elements of the control system's overall architecture (powers, responsibilities, resources, data flows and handling conflicts of interest). Regarding their own activities, Auditors may ask the Internal Audit department to carry out specific audit activities in the operational and business operations departments.

The Board of Statutory Auditors verifies and investigates the causes of and remedies to operational irregularities, performance anomalies, and shortcomings in the organizational and accounting structure. Special attention should be addressed to compliance with regulations on conflict-of-interest.

In the tangible determination of how deep checks should be, as well as assessing any irregularities detected, the Board takes into consideration both the significance of the losses that may be generated for the Company, and the repercussions on reputation/safeguarding public confidence.

Checks must cut across the entire company organization and include audits on systems and procedures (i.e. information and administrative/account procedures), the various parts of the business (loans, finance, etc.), and operations (new product rollout, entrance into new businesses or geographical areas, operational continuity and outsourcing).

As regards the auditing of the accounts by the external auditor, the Board of Statutory Auditors preserves the duties associated with evaluating the adequacy and functionality of the accounting structure, including relevant information systems, in order to ensure that company business is correctly represented.

In particular, the Board of Statutory Auditors:

- subject to reporting requirements to the supervisory authority, reports to the Board of Directors on the shortcomings and irregularities of particular significance which have been identified and requests the adoption of appropriate corrective measures, verifying their effectiveness over time;
- periodically verifies its own adequacy in terms of powers, functioning and composition, taking into account the size, complexity and businesses undertaken by the Bank;
- with regard to choosing external auditors, must meticulously evaluate professionalism and experience to ensure that these requirements are commensurate with the Bank's size and operational complexity;
- in undertaking its duties, accesses a flow of information from in-house control functions and structures.

5. THE ROLE PLAYED BY THE CHAIRMAN

The Chairman of the Board of Statutory Auditors guarantees the effectiveness of debate on the Board of Statutory Auditors, and acts to ensure that the resolutions it reaches are the result of adequate debate and an informed and aware contribution from all of its members.

To this end, the Chairman shall ensure that: *(i)* in good time, the Auditors are sent supporting documentation on the Board of Statutory Auditor's deliberations or, at the very least, initial information on the issues under debate; and *(ii)* The supporting documentation for the resolutions provided during Board of Statutory Auditors' meetings is adequate in terms of quantity and quality with regard to the items on the agenda.

When preparing the agenda and chairing Board of Statutory Auditor discussions, the Chairman shall ensure that issues of strategic relevance are given priority, and that all necessary time is set aside for such issues.

The Chairman ensures that: *(i)* the Statutory Auditors' self-assessment process is undertaken effectively, and its terms and conditions are consistent with the degree of complexity of the Board of Statutory Auditors work; *(ii)* envisaged corrective measures are adopted to tackle any shortcomings detected; and *(iii)* the Bank prepares and implements inclusion programs and training schemes for members of the Board of Directors and Board of Statutory Auditors.

6. QUORUM AND RESOLUTION-MAKING MAJORITIES

The Board of Statutory Auditors is duly constituted when a majority of auditors are present. It passes resolutions by an absolute majority of those present.

7. SELF-ASSESSMENT PROCESS

The Board of Statutory Auditors performs self-assessment on its composition and functioning on at least an annual basis, inspired by the following end-goals:

- ensuring a correct and efficient check on how the body is functioning and its appropriate make up;
- guaranteeing substantive observance of the governance provisions issued by the Bank of Italy;

- promoting updates to internal rules that govern how the Body functions in order to ensure that they remain valid and reflect any changes resulting from changes in business and to the operating backdrop;
- identifying the main weaknesses, promoting debate on the Body and defining corrective measures to be adopted;
- strengthening partnership and trust among individual members;
- encouraging individual members' active participation, ensuring full awareness of the specific position covered by each member and their associated responsibilities.

Self-assessment takes into account checks envisaged pursuant to section 26 of the Consolidated Law on Banking and additional legal and regulatory requirements for holding positions (such as, by way of example, compliance with the prohibition against interlocking directorships envisaged under Article 36 of Legislative Decree no. 201 dated December 6, 2011, converted under Law no. 214 dated December 22, 2011). Where possible, self-assessment is undertaken in concomitance with these checks.

The self-assessment process of the Board of Statutory Auditors is structured on the basis of criteria and methods inspired by the purposes of the process itself and to the provisions of the implementing guidelines formulated in the supervisory regulations for banks, taking into account the specific characteristics of supervisory board.

Annex A
Corporate Bodies Regulations

SELF-ASSESSMENT PROCESS OF THE BOARD OF DIRECTORS

1. SUBJECT OF THE ASSESSMENT

The self-assessment process concerns the Board of Directors, taken as a whole or in terms of the contribution that the individual Directors bring to its proceedings; the assessment is likewise extended to the internal committees within the Board.

The composition and functioning of the corporate bodies are of significance to the self-assessment process.

With reference to the former aspect, the following are relevant: the qualitative-quantitative composition, the size, the degree of diversity and professional training, the balance guaranteed by the independent and non-executive members, the adequacy of the nomination process and the criteria regarding selection and professional refresher training.

Regarding the latter aspect, the following are relevant: the holding of meetings, their frequency, duration, degree and method of participation, the amount of time available to devote to the position, the relationship of trust, co-operation and interaction between members, their awareness of their role and the quality of the discussions by the Board.

In each particular business situation, the adequacy of the corporate bodies, set out in the composition and performance aspects, is measured specifically on certain thematic areas which are relevant for the purposes of sound and prudent management.

As an example, we can highlight the identification of strategies, business management, the performance levels planned and achieved, and the remuneration and incentive systems.

2. PEOPLE INVOLVED

The following are a necessary part of the self-assessment process:

- (i) the Chairman of the Board, responsible for ensuring that the ways in which the self-assessment process is carried out are effective and consistent with the degree of complexity of the work of the Board and that the corrective measures envisaged to deal with any shortcomings are effectively taken;
- (ii) all the Directors, responsible for providing any information requested of them;
- (iii) the Appointments and Sustainability Committee, whose task is to support the Chairman and the Board in the various stages of the process;
- (iv) the internal staff at the Bank who assist the Chairman in the phases of the process, identified within the Legal & Corporate Affairs Department, on account of the specific skills;
- (v) an external professional to provide advice during the various phases of the process.

The self-assessment process is carried out with the support of an external expert appointment by the Chairman of the Board of Directors upon proposal of the Appointments and Sustainability Committee. The selection of this external expert must take into account his/their skills, the professional experience acquired by him/them in corporate governance, and the need to be neutral, objective and independent in judgement, the hallmarks of the self-assessment process.

3. PHASES OF THE PROCESS

The self-assessment process is divided into:

- (i) a preliminary phase of information and data gathering (also using questionnaires and interviews) on the basis of which the assessment is to be carried out;
- (ii) a phase of processing and preparation of the outcome of the process, with the identification of the strengths and weaknesses observed;
- (iii) a preparation phase for the summary document covering the outcomes of the process.

The process ends with a group discussion of the results and preparation of any appropriate remedial measures.

3.1. Preliminary investigation phase

The Directors provide the information necessary to carry out the self-assessment by completing questionnaires and, where necessary, and at least once every three years, by means of individual interviews conducted by an outside consultant.

Written questionnaires are to be filled out anonymously in order to ensure both freedom of expression for the Directors and non-personalised analysis of the contributions provided.

The questionnaires are normally divided into sections devoted to both the composition and functioning of the Board of Directors in its entirety and its internal Committees.

In the end, the assessment must relate to both the Board as a whole and the contribution of individual Directors to the work, and the questionnaire also provides for an assessment of the performance of individual members of the Board. Individual interviews with the Directors to examine specific issues which are central to the assessment requested from the Directors, are conducted by an outside consultant in order to ensure the objectivity of the process.

The preliminary phase concludes with the preparation by the independent outside advisor of a summary paper containing the aggregates of the results emerging from the questionnaires and from any interviews

3.2. The phase of the self-assessment's results processing

The Chairman of the Board of Directors, with the support of internal staff and/or the outside consultant, analyses the summary document, the findings from the questionnaires and interviews in order to identify any strengths and weaknesses that may be found, in the case of the latter in order to draw up proposals for any initiatives deemed appropriate.

In subsequent self-assessments, there should also be a check of the status of implementation of any initiatives taken by the Board of Directors following the results of previous assessments.

3.3. Preparing the summary document on the results of the process

The analyses performed are formalised in a separate document that explains:

- (i) the methodology and the individual phases of which the process is made;
- (ii) the parties involved, including any outside professionals;
- (iii) the results, highlighting the strengths and weaknesses observed;
- (iv) any corrective actions that may be required; reports on their implementation or progress must be given only in a subsequent self-assessment.

The document is thus prepared and submitted to the Appointments and Sustainability Committee, and later,

together with the opinion expressed by the latter, to the Board of Directors for discussion and approval.
Where required, the document is submitted to the European Central Bank or the Bank of Italy.

