

REGULATION OF FINECOBANK'S CORPORATE BODIES

**BOARD OF DIRECTORS
BOARD OF STATUTORY AUDITORS**

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

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FOREWORD

This “*Regulation of FinecoBank’s Corporate Bodies*” (hereinafter, the “**Regulation**”) governs the functioning, powers and duties of the Corporate Bodies (as defined below), and flows of information to these bodies, in accordance with the relevant legal and regulatory provisions, the Company’s Bylaws and the Bank of Italy Circular No. 285 of 17 December 2013 containing regulatory requirements for banks, as amended from time to time (hereinafter, the “**Supervisory Provisions**”).

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**”).

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**”).

The rules applicable to the Chief Executive Officer, General Manager and Deputy General Managers are contained in the “*Internal Regulations*” of the Bank, while the rules relating to the Supervisory Board set up in accordance with Legislative Decree No. 231 of 8 June 2001 are contained in the “*Organisation and Management Model of FinecoBank pursuant to Legislative Decree 231/01*” adopted by the Bank in accordance with the above decree.

The Regulation is available on the Company’s website.

A. BOARD OF DIRECTORS

1. COMPOSITION

The composition of the Board of Directors plays a key role in ensuring the effective discharge of the tasks entrusted to it by law, the Supervisory Regulations and the Bylaws.

The Board of Directors consists of nine to thirteen members in accordance with the Bylaws. Under Art. 13, paragraph 5 of the Bylaws, the directors are elected on the basis of the voting list system.

The number of Directors must be commensurate with the size and complexity of the Bank's organisational 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 of Directors includes (i) various representatives of the shareholder body, (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 must be gender balanced as provided for by the laws in force at the time, as well as reflect an adequate degree of diversification in terms of, inter alia, skills, experience, age and international exposure, which will be defined, at each renewal, following completion of the self-assessment process of the Board of Directors referred to in Appendix A of these Regulations and communicated to shareholders and the market through the publication of the document on the qualitative and quantitative composition of the Board. In order to ensure that the Board functions properly, the Board of Directors has established requirements that 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 16 February 2021), which is published on FinecoBank's website, as well as in the Policy for verifying the suitability requirements of corporate officers and managers of FinecoBank's main corporate functions, to which reference should be made.

It is good practice, as far as is consistent with the skills required to hold the positions and the need to ensure the effective performance of the relevant tasks, that the positions of Chairman of the Board of Directors, Chairman of the Board of Statutory Auditors, Chief Executive Officer and General Manager are not held by members of the same gender.

Without affecting 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 abovementioned companies.

The Directors shall promptly inform the Company of the corporate offices taken up or terminated during their term of office, and shall provide the same with any useful information for the purposes of ascertaining the requirements prescribed by current legislation, the Bylaws and the Corporate Governance Code as referred to in the aforementioned suitability Policy.

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, by pursuing the sustainable success of the Bank and Group, independently of the shareholder body that voted for them, or the list they were taken from.

In carrying out their duties, the Directors must review the information received from the delegated bodies, ask them for any clarifications, elaborations or supplementary information they consider necessary or appropriate for a complete and correct evaluation of the facts submitted for review by 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 who are recognised as such – also formally by the Board – based on the provisions of the Bylaws and the Corporate Governance Code.

2.1. Role of the Chairman

In promoting the effective functioning of the corporate governance system, the Chairman of the Board of Directors, who is elected by the Board where not elected by the Shareholders' Meeting, ensures that the Board discusses issues in an efficient manner, fosters constructive dialogue between the executive and non-executive directors, seeks the active participation of non-executive members in the Board's affairs, and ensures a suitable balance of power between the CEO and General Manager and the other executive directors, where present. The Chairman also acts as the point of contact for the control bodies and internal committees.

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

With specific reference to the calling of Board of Directors' meetings, the Chairman, with the assistance of the *Legal & Corporate Affairs* Department and the Board Secretary:

- (i) convenes and chairs the meetings of the Board of Directors, acting as coordinator of the board's functions;
- (ii) ensures that adequate quali-quantitative information on the items on the agenda is provided to all Board members in good time, to allow the Board to make informed decisions on the business to be discussed and approved. The Chairman also ensures that the documentation relating to the Board's agenda is made available to the 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 specific discussions take place during the meetings themselves;
- (iii) organises and coordinates the work of the Board of Directors, bearing in mind that the necessary time must be dedicated to issues of strategic importance which must be prioritised during the preparation of the agenda and in the conduct of Board discussions;
- (iv) ensures that the activity of Board committees is coordinated with the Board of Directors' activity;
- (v) in agreement with the Chief Executive Officer, ensures that the managers of the company and those of the Group companies, who are responsible for the relevant company functions according to the subject matter, attend the Board meetings, also at the request of individual Directors, to provide appropriate details on the items on the agenda.

In addition, with the assistance of the *Legal & Corporate Affairs* Department and the Board Secretary, the Chairman ensures that:

- as a rule, once (1) or twice (2) a year, opportunities are arranged for all Directors to meet, also “off-site”, in order to investigate and discuss strategic issues;
- the self-assessment process is conducted transparently, effectively, that its terms and conditions adequately reflect the degree of complexity of the Board's work, and that corrective measures are adopted to tackle any shortcomings;
- induction and training programmes are prepared and implemented for the members of the Board of Directors and the Board of Statutory Auditors aimed at providing them with adequate knowledge of the sectors of activity in which the Company is engaged, the business dynamics and their evolution also with a view to the sustainable success of the Company and the Group, as well as the principles of correct risk management and the regulatory and corporate governance framework;
- adequate succession plans are in place for senior executive positions (e.g. Chairman of the Board of Directors, Chief Executive Officer and General Manager).

3. OPERATION OF THE BOARD

The Board will be organised and operate in such a way as to ensure the effective performance of its functions. The Board will meet, in accordance with the Bylaws, at the company's registered office or elsewhere in Italy or abroad, usually at intervals not exceeding three months, whenever it is deemed necessary by the Chairman, or when the CEO and General Manager 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 via telecommunications links, provided that each attendee can be identified by all the other attendees, can immediately take part in the discussion and can also receive, send and view documents.

Bank employees –and where applicable Group employees – may be invited to attend Board meetings, including to report, if requested, on specific topics. Persons external to the Bank and the Group may also be invited to participate in Board meetings where, in full compliance with the applicable regulations on confidentiality of information and market abuse, their participation is deemed appropriate for the discussion of items on the Board meeting's agenda.

The CEO and General Manager and each Director may draw up draft resolutions to submit to the Board of Directors; however, appropriate attention and effort must be devoted to ensuring 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 paragraph 2.1 above.

The independent directors meet at least once a year in a closed session, without the other Directors. The progress of the meeting and the results of the discussion are recorded in the minutes.

In these meetings, the role of Chairman is performed by an independent director appointed at the first meeting of the independent directors. The Chairman is responsible for reporting the outcome of the meeting's discussion to the next available meeting of the Board of Directors.

3.1. Disclosure of preliminary Agenda information to the Corporate Bodies – Preparation of Agenda – Timing, form and content of the documentation – Legal & Corporate Affairs Department and Secretary

The notice of meeting, signed by the Chairman, must be given to all Directors and Standing Auditors within a reasonable period of time, except in urgent cases. The notice should include the items on the agenda, except 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 the motions, and any other information needed so that the Directors may express an informed opinion on the issues under discussion, is usually made available to the Directors at least five (5) business days prior to the meeting.

The documentation to be transmitted to individual Directors, prior to the adoption of the resolutions and/or reports, is prepared on the basis of an outline (the “**Brief**”) which summarises the proposal/report 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 Brief may be accompanied by additional documentation, and/or opinions given by the competent bodies in relation to the Agenda item. The Briefs and their attachments are stored in the Company records.

The Chairman is responsible for planning the Board's work, in relation to the relevant agenda items, based on input from the CEO and General Manager.

The Board of Directors decides, at the proposal of the Chairman, on the appointment and removal of the Secretary, who is selected from the Legal & Corporate Affairs Department. The candidate must hold a position of responsibility within the department and have an adequate seniority level as well as specific corporate governance expertise.

The mentioned Department and the Secretary support the Chairman's activities and provide impartial assistance and advice to the Board of Directors on any aspect that is relevant to the proper functioning of the corporate governance system.

3.2. Documentation and minutes-taking – *Ex post* availability of documentation – Transmission of resolutions to the Supervisory Authorities, when required by law

All the communications made during the meeting, the Directors' statements and all the resolutions passed by the Board are recorded in minutes transcribed into the minutes book and signed by the Chairman of the meeting and the Secretary.

The minutes, suitable for reconstructing the course of the discussion and the various positions expressed, are submitted for approval at the next Board meeting – or if there are urgent needs they may also be approved immediately – and must be available for consultation upon request by any of the Directors or Statutory Auditors.

These minutes, with the respective attachments, are kept by the Secretary of the Board.

A copy of the minutes containing the Board resolutions is forwarded to the Supervisory Authorities, when required by current regulations.

3.3. Processing of information

All Directors are required to ensure the confidentiality of the documents and information obtained in carrying out their duties, and to comply with the Company's procedures on the internal management and public disclosure of such documents and information and in any case with the applicable laws and regulations on confidentiality of information.

The Board of Directors will 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 such information.

4. DUTIES

As the Board of Directors is the body in charge of strategic supervision, it makes decisions regarding the strategic guidelines of the Bank and Group, and constantly monitors their implementation.

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

In particular, in addition to the legally non-delegable powers, in accordance with the Bylaws the Board of Directors has exclusive responsibility for the following issues:

- determining the criteria for the direction and coordination of Group companies and for executing the instructions of the Bank of Italy in the context of the legal and regulatory powers of the Parent Company, to give instructions to Group members, and to check that those instructions are effectively carried out;
- the overall management of the Group's policies for growth, prior to the adoption and amendment of the industrial, strategic and financial plans of the Company and the Group, in the context of its instructions given as Parent Company;
- the appointment and removal of the CEO and/or the General Manager and the Deputy General Manager, the key managers and of the Financial Reporting Officer;
- the assessment of the Company's general performance;
- updating the Bylaws to bring them into line with legal requirements;
- mergers and demergers in the cases provided for under articles 2505, 2505-*a* and 2506-*b* of the Italian Civil Code;

- the reduction of share capital following the withdrawal of Shareholders;
- guidelines on which Directors, in addition to those indicated in the Bylaws, may represent the Company;
- the establishment of committees or commissions with advisory, decision-making or coordination functions;
- the risk management policies, and evaluating the functioning, efficiency and effectiveness of the internal control system and the adequacy of the organisational, 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, as well as decisions concerning investments or divestments that modify the composition of the Banking Group, without prejudice to the provisions set out in Art. 2361, paragraph 2, of the Italian Civil Code;
- the purchase and sale of property;
- the approval and amendment of the main internal regulations;
- the appointment and removal of the heads of the Internal Audit, Compliance and Risk Control functions, after consulting the Board of Statutory Auditors;
- the opening, establishment or closing of branches, agencies and representative offices in Italy or abroad, also for the purpose of structuring powers of signature.

Without affecting the legal and regulatory powers applicable from time to time, the Board of Directors will also, in accordance with Supervisory Regulations and the Corporate Governance Code, and in line with the statutory requirements:

- (a) define the nature and the level of risk, consistent with the strategic objectives of the Bank and of the Group, including in its assessment all those risks that could be relevant in view of the sustainable success of the Bank and of the Group; review and approve the business model while being aware of the risks to which this model exposes the Bank and the Group; formalise the policies for governing risks that the Bank and the Group may be exposed to, as well as risk targets and tolerance thresholds, periodically reviewing them to ensure their effectiveness and supervising the actual functioning of risk management and control processes in compliance with current legal and regulatory provisions;
- (b) defines corporate strategies taking into account the following areas: (i) monitoring and managing impaired loans and approving policies for their management; (ii) the possible adoption of new business models, applications, processes or products, including through partnerships or outsourcing, related to the provision of technology-intensive financial services (*Fintech*); (iii) the risks of money laundering and terrorist financing, having regard, inter alia, to the activity carried out, the clientele and the geographical areas concerned; (iv) sustainable finance objectives and, in particular, the integration of environmental, social and governance (ESG) factors into business decision-making processes; (v) the risks, in particular legal and reputational, arising from any related or instrumental activities carried out; (vi) the definition and proper implementation of funding policies, also with reference to the type of savers/investors concerned, including planning and choices regarding compliance with regulations on the Minimum Requirement for own funds and Eligible Liabilities (MREL);
- (c) examine and approve the business plan of the company and the related group, also on the basis of an analysis of issues relevant to the generation of value in the long term, periodically monitoring its implementation;
- (d) define and approve the Bank's organisational and corporate governance structure, verify its correct implementation and take timely corrective measures in respect of any gaps or inadequacies; define the Group's corporate structure and governance models/guidelines; more specifically, the Board of Directors is called upon in this respect to ensure a clear distinction of tasks and functions and the prevention of conflicts of interest;
- (e) check the proper implementation of the overall corporate governance structure, and of the organisational structure of the Bank as approved by the Board itself; promote timely corrective

measures to address any deficiencies or inadequacies in these arrangements; assess the adequacy of the Bank's general administrative and accounting structure and of the organisational, administrative and accounting structure of the Group companies, with particular reference to the internal control system and the management of conflicts of interest;

- (f) approve the accounting and reporting systems;
- (g) approve the policies and processes for evaluating Company activities, and, in particular, financial instruments, checking their ongoing adequacy; establish the Bank's and Group's maximum exposure in financial instruments or products that are uncertain or difficult to measure;
- (h) approve the process for the development and validation of internal risk measurement systems not used for regulatory purposes, periodically assessing their correct use, as well as 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;
- (i) assess, with the support of the Risks and Related Parties Committee, the advisability of adopting measures to ensure the effectiveness and impartial judgement of the other corporate functions involved in the controls, verifying that they have adequate professional skills and resources;
- (j) with the support of the Risks and Related Parties Committee, describe, in the corporate governance report, the main characteristics of the Internal Control and Risk System and the methods of coordinating the parties involved in it (specifying the reference national and international models and best practices), express its overall assessment on the adequacy of the Internal Control and Risk System and give account of the choices made with regard to the composition of the supervisory board set up pursuant to Legislative Decree No. 231 of 8 June 2001;
- (k) approve, review and update (including at the request of the Supervisory Authority pursuant to the provisions of the relevant laws and regulations) the Group's recovery plan, with the aim of identifying options to maintain or restore the Bank's economic sustainability and financial position in severe stress conditions;
- (l) again with reference to the Group recovery plan, adopt, at the request of the Supervisory Authority, the changes to be made to the business, organisational structure or corporate form of the Bank or Banking Group, and the other measures necessary to achieve the purposes of the plan, as well as the elimination of the causes underlying early intervention pursuant to the provisions of, respectively, articles 69-sexies, paragraph 3, letter c) and 69-noviesdecies, paragraph 1, letter b) of Legislative Decree No. 385 of 1 September 1993 ("**Consolidated Law on Banking**"), respectively, without prejudice to the powers of the Shareholders' Meeting in this regard;
- (m) assess whether to adopt a measure envisaged in the Group recovery plan or to refrain from adopting it even if the circumstances so require, in accordance with the provisions of the same recovery plan;
- (n) approve the stress testing programme, as outlined in the "Guidelines on Institutions' Stress Testing" (EBA/GL/2018/04);
- (o) with the support of the Risks and Related Parties Committee, assign the supervisory functions under Art. 6, paragraph 1 (b) of Legislative Decree No. 231 of 8 June 2001 to the control body or to an ad hoc body. If the body is other than the control body, the Board of Directors will assess the advisability of appointing at least one non-executive director and/or a member of the control body and/or a person with legal or control functions within the Company, in order to ensure coordination among the various parties involved in the internal control and risk management system;
- (p) with reference to banking, financial, investment and insurance products and services (i) define the process for approval of new products and services, the commencement of new business and the entry into new markets; (ii) approve and update policies containing guidelines on Product Governance requirements; (iii) monitor the process of governance and financial instruments, and also check that the compliance reports systematically include information about the financial instruments produced by the intermediary, the services offered and the distribution strategy; (iv) approve proposals for unilateral amendments pursuant to Art. 118 of the Consolidated Law on Banking, with the support of the Risks and Related Parties Committee;

- (q) approve a policy illustrating and justifying the choices on the various relevant issues in terms of organisational structures, procedures and internal controls, adequate verification and data retention, consistent with the principle of proportionality and with the actual exposure to the risk of money laundering (so-called anti-money laundering policy), pursuant to the provisions of the Bank of Italy Provision of 29 March 2019;
- (r) approve the Company's policy on the outsourcing of business functions;
- (s) for the purposes of mitigating operational risks and risks to the Bank's reputation and the Group's reputation, and encouraging the spread of a culture of internal controls, it approves a Code of Ethics, Code of Conduct and/or similar instruments to be complied with by members of corporate bodies and employees of the Bank and the Group, ensuring their implementation and monitoring compliance by the recipients with the support of the competent Group structures. The code defines the principles of professional conduct (e.g. rules of ethics and rules to be observed in relations with customers), also by indicating unacceptable conduct (including the use of false or inaccurate information and the commission of financial or tax offences) which must guide the company's activities;
- (t) approve the internal whistleblowing systems;
- (u) approve, with the support of the Corporate Governance and Environmental and Social Sustainability Committee, policies to promote diversity and inclusiveness;
- (v) with reference to ICT matters, approve: *(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)* guidelines on the recruitment of technical personnel and the procurement of systems, software and services, including the use of outside suppliers, and promote the development, sharing and updating of 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, and is also informed at least annually on the IT risk situation with respect to risk appetite; *(vi)* the corporate documents required by law for the management and supervision of the information system; the Board is 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 is informed immediately if there are serious problems arising for the business due to incidents and/or malfunctions within the information system;
- (w) with reference to business continuity: *(i)* set the objectives and business continuity strategies, ensuring adequate human, technological and financial resources for the achievement of predefined objectives; *(ii)* approve the business continuity plan and subsequent amendments as a result of technological and organisational changes, accepting the residual risks not managed by the business continuity plan; *(iii)* be informed, at least annually, of the results of controls on the plan's adequacy and on business continuity measures; *(iv)* appoint the person responsible for the business continuity plan;
- (x) define 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 and connected parties, according to the relevant procedures;
- (y) take decisions on the Company's operations and those of its subsidiaries, if those operations have a significant strategic, economic, equity-related or financial impact on the Company; establish general criteria for identifying significant operations;
- (z) determine the remuneration/incentive systems for key personnel and for the network of Personal Financial Advisors, and then check to ensure that these systems do not increase business risks and are consistent with long-term strategies;
- (aa) prepare and submit the remuneration and incentives policy to the Shareholders' Meeting, and reviews on an annual basis, and is responsible for its proper implementation;
- (bb) after consultation with the Nomination Committee, appoints the Directors of FinecoBank, with the approval of the Board of Statutory Auditors in the case of co-opting; where provided for in the Bylaws, it identifies candidates for the position of Director of FinecoBank, where lists are submitted by the Board to the Shareholders' Meeting;

- (cc) define the Policy for verifying the suitability requirements of corporate officers and the heads of FinecoBank's main corporate functions pursuant to current legislation, after consulting the Board of Statutory Auditors and obtaining the opinion of the Nomination Committee;
- (dd) with the support of the Nomination Committee, identifies in advance its own optimal qualitative and quantitative composition, identifying and justifying the ideal characteristics (including professionalism and possible independence) of the candidates for the office of director considered appropriate for these purposes; and subsequently verify, again with the support of the Nomination Committee, the correspondence between the qualitative and quantitative composition deemed optimal and the actual composition resulting from the appointment process, informing the market;
- (ee) after consulting the Nomination Committee, it defines the Policy for the appointment of directors of the Group's subsidiaries and investee companies and appoints the corporate officers - meaning the members of the boards of directors, boards of statutory auditors and supervisory boards - in the subsidiaries. It also appoints members of the corporate bodies of minority shareholdings on the proposal of the CEO and after consulting the Nomination Committee;
- (ff) promote a dialogue, in the most appropriate forms, with the shareholders and with the other relevant stakeholders of the Company. In this context, it approves - on the proposal of the Chairman, formulated in agreement with the Chief Executive Officer and General Manager - after examination by and opinion from the Corporate Governance and Environmental and Social Sustainability Committee, a policy for managing dialogue with shareholders in general, taking into account the engagement policies adopted by institutional investors and asset managers. The Chairman also ensures that the Board of Directors is in any case informed, within the next meeting, on the development and significant content of dialogue held with all shareholders.

Furthermore, the Board of Directors ensures that:

- the Bank's structure is consistent with its activities and business model, avoiding the creation of complex structures which are not justified by an operational aim;
- the implementation of the framework for determining the Risk Appetite Framework ("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 Internal Adequacy Assessment process (ICAAP), the stress testing plan, the budget and internal control system are consistent, also bearing in mind the changing internal and external conditions under which the Bank and Group operate;
- the quantity and allocation of Group capital and liquidity are in line with the risk appetite, risk governance policies and the risk management process of the Group.

Where the Bank operates in non-transparent jurisdictions or through especially complex structures, the Board of Directors assesses the related operational risks, especially those of a legal, reputational and financial nature, and identifies measures to mitigate them and ensures that they are effectively monitored.

At least once a year, the Board of Directors approves the work plans (including the audit plan) and reviews the annual reports prepared by the corporate control functions (Compliance, Internal Audit and Risk Management), as well as examining and approving that prepared by the Anti-Money Laundering function. The Board also approves the long-term audit plan.

The Board of Directors also ensures that instructions are given to the subsidiaries during the year, in the exercise of its powers of direction and coordination as provided for in the relevant provisions of laws and regulations.

Lastly, the Board is solely responsible for reporting 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 for them, 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 are delegated in 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, at least quarterly, on the activities carried out in the performance of the powers granted to them according to specific procedures as established by the Board of Directors in the document “*Delegated Powers of FinecoBank S.p.A.*” or in the applicable internal regulations.

4.3. Information flows

The flow of information among and within the 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 among and within the Corporate Bodies, the Board approves and oversees the maintenance and updating of a structured information flow system, which 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 Board of Directors has analysed these information flows, their content and timing, in the “*Document on the corporate control bodies and functions*” which it also approved. With regard to transactions with related and connected parties, please refer to the “*Global Policy for the management of transactions with parties potentially in conflict of interest of the FinecoBank Group*” (the “**Global Policy**”) and to the information flows detailed in those documents.

Below are the parties who are required to submit regular reports to the Corporate Bodies, with a description of the minimum content and the timing of the main reports.

4.3.1. Reports by the Board of Directors

The Board of Directors, with the assistance of the relevant business units, provides the Board of Statutory Auditors, pursuant to Art. 150 of Legislative Decree No. 58 of 24 February 1998 (the “**Consolidated Law on Finance**”) with information on the activities and significant transactions of the Company and the subsidiaries, with particular regard to potential conflicts of interest. Reports concerning these activities and transactions are sent to the Board of Statutory Auditors at least once a quarter, also to allow the Board of Statutory Auditors 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. Reports of the Board Committees

Through their Chairmen, the Committees report on the session of their respective committees, at the next available Board of Directors’ meeting.

In order to strengthen the coordination of functions between the various bodies, and to optimise the distribution of adequate information flows, the Committee meetings may be attended by the Chairman of the

Board of Statutory Auditors and the other Auditors, without prejudice to the provisions set out for the Risks and Related Parties Committee.

In addition to the provisions of this Regulation, please refer to the aforementioned Global Policy with regard to the flow of information about the work done by the Risks and Related Parties Committee in the exercise of its duties as allocated by the current rules and regulations governing transactions with related and connected parties.

4.3.3. Reports by the CEO and General Manager

To ensure the correct and orderly management of the Bank, the Board of Directors has established a system of authorities, through which it gives the CEO and General Manager the powers necessary to execute all operations the Company may undertake in accordance with Art. 4, paragraph 1 of the Bylaws. In this context, according to the terms, conditions and deadlines defined by the Board, the CEO and General Manager report to the Board of Directors on the authorities granted, and how management has exercised these authorities.

The CEO and General Manager receive information from the corporate functions as necessary to guarantee oversight of his area of competence, predominantly with regard to managerial committees or through specific reports sent to him.

4.3.4. Reports by 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 makes available to the Board of Directors a copy of the minutes of its meetings, along with its remarks, recommendations and opinions. The focus points and recommendations emerging from the exchange of information with the auditing firm are of particular importance. In exercising its functions, the Board of Statutory Auditors sends its opinion and observations, as required by law, to the Board of Directors, with special reference to the following issues (among others): (a) approval of a decision to co-opt a director pursuant to Art. 2386 of the Italian Civil Code; (b) remuneration of Directors with special positions pursuant to Art. 2389 of the Italian Civil Code; (c) appointment of the Financial Reporting Officer; (d) internal policies and procedures for managing activities involving risk and conflict of interest with regard to related and connected parties; (e) “*Supplementary report for the internal audit and accounts auditing committee*”, issued by the auditing firm appointed in accordance with Art. 11 of Regulation (EU) 537/2014; (f) report prepared by the internal audit function concerning the controls carried out on the outsourced significant operational or control functions.

When called upon to report to the Shareholders’ Meeting on its supervisory activities during the year, regarding any omissions or reprehensible actions, the Board of Statutory Auditors sends the Chairman of the Board of Directors its annual report to shareholders.

The Board of Statutory Auditors receives direct reports from the corporate bodies, committees (as defined below) and company functions with control-related duties as regulated in the “*Document on the corporate control bodies and functions*”.

4.3.5. Reports by the control functions

The corporate control functions (Compliance, Risk Management and Internal Audit and Anti-Money Laundering) directly send regular reports to each Corporate Body as per their specific area of competence.

These reports are typically prepared on the basis of specific requirements according to the applicable rules and regulations or internal self-regulations as identified by the Board of Directors in accordance with the Supervisory Regulations.

These 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*”, based on the complexity of the information in question, as well as the above-mentioned, “*Global Policy for the management of transactions with parties in potential conflict of interest of the FinecoBank Group*”.

4.4. Self-assessment process

In accordance with the Supervisory Regulations, the Board of Directors will undergo 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 of the Supervisory Regulations and their intended purposes;
- to facilitate the updating of internal regulations overseeing the functioning of the Board, to ensure their suitability in light of the changes caused by changes in the business 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 individual members’ active participation, ensuring full awareness of the specific position covered by each member and their associated 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 Provisions. The self-assessment process is carried out annually.

It is good practice, among larger or more complex banks, that at least once every 3 (three) years the self-assessment is carried out with the help of an outside professional with independent judgement.

This analysis is formalised in a separate document that explains: (i) the methodology and the individual phases of the process; (ii) the parties involved, including any external professionals; (iii) the results, highlighting the strengths and weaknesses; (iv) any corrective actions that may be required; reports on their implementation or progress must be given in the next self-assessment. This document is then approved by the Board of Directors and submitted, where required, to the Bank of Italy or the European Central Bank.

Self-assessment includes the checks required by section 26 of the Consolidated Law on Banking and those on the additional requirements provided for by the Bylaws for holding directorships, as well as compliance with the prohibition on interlocking directorships in Art. 36 of Legislative Decree No. 201 dated 6 December 2011, converted under Law No. 214 dated 22 December 2011). Where possible, the self-assessment is performed in conjunction with these checks.

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

5. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Responsibility for the internal control and risk management system (the “**Internal Control and Risk System**”), also with a view to contribute to the Company’s sustainable success also pursuant to the Corporate Governance Code, rests with the Board of Directors, whose role is to direct and assess the adequacy of the system and identifies:

- (i) in the person of the Chief Executive Officer and General Manager, the director charged with establishing and maintaining an effective internal control and risk management system (the “**Appointed Director**”);

- (ii) an internal Committee (“*Risks and Related Parties Committee*”; 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 and non-financial reports.

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

- (a) define the guidelines of the Internal Control and Risk System, evaluating 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, giving the Appointed Director the task of establishing and maintaining an effective Internal Control and Risk System;
- (b) after consulting the Board of Statutory Auditors, (i) appoint and remove the person in charge of the Internal Audit function (the “**Head of Internal Audit**”), who is responsible for checking that the Internal Control and Risk Management System functions properly and is adequate; (ii) ensure that the system has enough staff to fulfil its responsibilities, and (iii) determine their pay, in line with company policies;
- (c) after consulting the Board of Statutory Auditors, with the support of the Nomination Committee, appoint and dismiss the heads of the Compliance, Risk Management and Anti-Money Laundering and suspicious transaction reporting functions;
- (d) approve, at least once a year, 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;
- (e) assess, after consultation with the Board of Statutory Auditors, the findings reported by the independent auditor in the letter of recommendations and in the supplementary report on auditing activities (Art. 11 Regulation (EU) No. 537/2014).

The Appointed Director, also pursuant to the Corporate Governance Code:

- identifies the main business risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and submits them to the Board of Directors for examination within the ICAAP Report;
- is responsible for the implementation and performance of the stress testing plan and ensures that clear responsibilities and sufficient resources are assigned and distributed and that all elements of the plan are properly documented and regularly updated in the internal procedures;
- determines the tools and procedures for implementing the Internal Control and Risk Management System in accordance with the guidelines of the Board of Directors;
- oversees the implementation of the strategic guidelines and policies for governing the risk of money laundering approved by the Board of Directors and is responsible for taking all necessary steps to ensure the effectiveness of the organisation and system of anti-money laundering controls;
- ensures 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;
- may entrust the Internal Audit function with the task of carrying out checks on specific operational areas and on compliance with internal rules and procedures in the execution of corporate transactions, simultaneously notifying the Chairman of the Board of Directors, the Chairman of the Risks and Related Parties Committee and the Chairman of the Board of Statutory Auditors;
- implements any changes that need to be made to the Internal Control and Risk Management System as a result of the audit findings;
- promptly reports to the Risk and Related Parties Committee and to the Board of Directors on problems and critical issues that have emerged in the performance of its activities or of which it has become aware so that the latter may take the appropriate action.

B. INTERNAL BOARD COMMITTEES

1. INTERNAL BOARD COMMITTEES

To ensure that the Board is well informed and advised and can effectively consider matters for which it is responsible, in accordance with the Supervisory Regulations, four Board committees have been set up: (i) the Risks and Related Parties Committee, (ii) the Remuneration Committee, (iii) a Nomination Committee and (iv) the Corporate Governance, Environmental and Social Sustainability Committee, for the purpose of providing advice and making proposals. The committees (the “**Committees**”) have limited membership and focus on separate issues. The members of the Committees are chosen based on their expertise and willingness to accept the post.

The Committees meet on a regular basis and whenever required due to special circumstances. The Committee meetings are considered validly convened if the majority of their members are present. Each Committee passes resolutions with an absolute majority of the attendees.

The meetings of the Committees are called at least four (4) business days in advance. The notice of meeting, which may also be 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 urgent cases, determined by the Chairman of each Committee, the meetings may be held with one (1) day’s notice. The Committee meetings are valid even without a prior notice, provided that all the members are present.

Except in urgent cases, to be assessed by the Chairman of each Committee, the documentation in support of proposals, and any information needed for the members of the Committees to express an informed opinion on the issues under discussion, are usually made available at least three (3) business days prior to the meeting.

The Committee meetings may be held via telecommunications links, provided that each attendee can be identified by all the other attendees, can immediately take part in the discussion, and can also receive, send and view documents. The minutes of the Committee meetings are 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, among other things, the reasons for any disagreements expressed by the Committee members. The minutes are kept by the Secretary to allow members of the Committees who may have been absent, as well as the Directors and Auditors, to consult them.

The Chairman of each Committee reports at the next Board of Directors; meeting.

Each Committee is allocated sufficient funds to perform its 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 may engage external advisors.

The Shareholders’ Meeting decides on the annual remuneration for the members of the Committees and/or an attendance fee for participating in the Committee meetings. To perform their duties, the Committees are given adequate instruments and information from the relevant departments, so they can formulate their assessments. They may also access relevant company information.

On the invitation of the Chair of each Committee, the meetings – taking into account the items on the agenda in each case – may be attended by the CEO and General Manager, the other directors, the deputy general managers, the financial reporting officer and members of Company and Group personnel.

Without affecting the right of the Statutory Auditors to attend the meetings, or the rules applicable to the Risks and Related Parties Committee, the Chair of each committee may invite the chair of the Board of Statutory Auditors or another Statutory Auditor delegated by him.

Persons external to the Company and the Group may also be invited to participate in each Committee meetings where, in full compliance with the applicable regulations on confidentiality of information and market abuse, their participation is deemed appropriate for the discussion of items on the Committee meeting’s agenda.

Where the Committees are called on to express their opinion on urgent matters under their purview, the Chairman of each 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, this notice shall be given no later than the day after the Chairman of the Committee received notice of the unavailability of the majority or of all members. The Chairman of the Board of Directors, having consulted with the CEO and General Manager to assess the urgency of the resolution, will 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. With regard to the Risks and Related Parties Committee, the aforesaid rules apply to transactions with parties in potential conflict of interest pursuant to the Global Policy, the completion of which is urgent and for which the Risks and Related Parties Committee' action is required during negotiation and the preliminary analysis and/or when issuing the opinion.

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

Please find below the description, for each Committee, of their composition, powers, resources available and internal regulations. With specific reference to composition, it is good practice for each committee to have at least one member from the least represented gender.

1.1. Risks and Related Parties Committee

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, the evaluations and decisions made by the Board of Directors in relation to the internal control and risk management system, as well as 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-based 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 Directors' 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 Risks and Related Parties Committee's mission also includes evaluating the correct use of the accounting standards for the financial statements and their uniform use in the consolidated financial statements, as well as 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 12 March 2010 (as amended), and with connected parties pursuant to the applicable Bank of Italy's Supervisory Regulations, and for transactions with other parties in potential conflict of interest pursuant to the Global Policy.

The Risks and Related Parties Committee, among other things:

- (a) identifies and proposes to the Board of Directors, with the contribution of the Nomination Committee, the heads of the control functions (Compliance, Internal Audit, Risk Management, Anti-money Laundering) and the head of Reporting of suspicious transactions to be appointed, and considers whether they should be revoked;
- (b) supports the Board, to the extent of its competence and with the help of the Nomination Committee, in the process of ascertaining the eligibility requirements prescribed for the heads of the main corporate functions (i.e. Head of Anti-Money Laundering, Head of Compliance Manager, Internal Audit, Chief Risk Officer, Chief Financial Officer and Executive in Charge) pursuant to current legislation, including internal regulations;
- (c) provides opinions on specific aspects concerning the identification of key business risks, which also takes place through the annual RAF definition process;

- (d) contributes to the definition, based on a risk-based approach, of the guidelines of the internal control system, so that the main risks facing the Company and the Group are correctly identified and adequately measured, managed and monitored, providing recommendations to the Board on compliance with the principles with which the system of internal controls and business organisation need to be aligned, and the requirements that need to be met by the Compliance, Internal Audit, Risk Management and Anti-Money Laundering functions, bringing to the attention of the Board any weaknesses, along with the resulting corrective actions to be taken;
- (e) 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 its activities and on the adequacy of the internal control and risk management system;
- (f) makes a prior examination of the activity plans (including the Audit plan) and the annual reports by the Compliance, Internal Audit, Risk Management and Anti-Money Laundering functions as submitted to the Board;
- (g) examines the periodic reports and audit reports produced by the Internal Audit department and evaluates any findings, monitoring the elimination of reported deficiencies/irregularities, the implementation of the proposed remedies and the adoption of any recommendations;
- (h) monitors the independence, adequacy, effectiveness and efficiency of Internal Audit;
- (i) supports, with adequate due diligence, the assessment and decisions of the Board of Directors in relation to the management of risks resulting from adverse events of which the Board of Directors is aware;
- (j) contributes, through assessments and opinions, to defining the company's policy of outsourcing of control functions;
- (k) verifies that Compliance, Internal Audit, Risk Management and Anti-Money Laundering properly conform to the indications and guidelines of the Board and assist it in preparing the coordination documents required by the Supervisory Provisions;
- (l) after consulting the financial reporting officer, the statutory auditor and the control body, assesses the correct use of the accounting standards and their consistency for the purposes of preparing the consolidated financial statements;
- (m) examines the process of formation of the infra-annual reports required by law, as well as of the annual financial statements, on the basis of the reports from the relevant departments;
- (n) assesses, for the matters within its remit, the suitability of the periodic, financial and non-financial reporting to correctly represent the company's business model, strategies, the impact of its activities and its performance;
- (o) examines the content of the periodic non-financial reporting in so far as it concerns the internal control and risk management system;
- (p) supervises the Group auditing process, reviewing the work plan prepared for the audit, the results contained in the report and any letters of recommendations;
- (q) meets at least once a year with the external auditors;
- (r) examines the reports received from the Board of Statutory Auditors, from the Supervisory Board under the Legislative Decree No. 231 of 8 June 2001 and the Regulatory Authorities, assessing the findings and ensuring the rectification of any irregularities and deficiencies;
- (s) may ask Internal Audit to assess 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 Appointed Director;
- (t) provides its opinion to the Board of Directors on the corporate governance and ownership structure report, for the purpose of describing the key characteristics of the Internal Control and Risk System and the methods of coordinating the parties involved in it (specifying the reference national and international models and best practices), and of assessing the adequacy of the Internal Control and Risk System;

- (u) formulates prior opinions (binding, where appropriate) on the procedures governing the identification and management of transactions carried out by the Company with parties in potential conflict of interest pursuant to the Global Policy, as well as on any amendments thereto;
- (v) provides preliminary, justified opinions, where expressly required, on the interest in completing transactions with persons in potential conflict of interest put in place by the Bank and the convenience and substantial correctness of the relevant conditions;
- (w) in the case of significant transactions with persons in potential conflict of interest, the Risks and Related Parties Committee is involved – if so deemed by the same, by means of one or more appointed members – in the negotiations and the preparatory phase by 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 the 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 the Supervisory Provisions, can define and approve the risk objectives (“Risk Appetite”) and the risk tolerance threshold (“Risk Tolerance”);
- in checking the correct implementation of strategies, governance policies on risk and the RAF;
- in the definition and approval of the Group’s recovery plan;
- in defining the policies and processes for evaluating company activities, including checking that the price and conditions of transactions with customers are consistent with the business model and strategies as regards risks;
- with reference to banking, financial, investment and insurance products, in relation to: (i) defining the process for approval of new products and services, the commencement of new business and the entry into new markets; (ii) the approval and updating of policies containing guidelines on Product Governance requirements; (iii) monitoring the process of governance of financial instruments, using the reports from the Compliance department, which systematically include information about the financial instruments produced by the intermediary, the services offered and the distribution strategy; (iv) approving proposals for unilateral amendments pursuant to Art. 118 of the Consolidated Law on Banking.

Without prejudice to the responsibilities of the Remuneration Committee, the Risk and Related Parties Committee is involved in the process of identifying the Bank's key personnel and ensures that the incentives underlying the remuneration and incentive system are consistent with the RAF, taking into account in particular risks, capital, liquidity, in line with current regulations (see Bank of Italy Circular No. 285 and EBA “Guidelines for sound remuneration policies pursuant to Directive 2013/36/EU”).

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 five (5) non-executive independent directors, including a Chairman, appointed by the Board of Directors.

The Chairman of the Committee cannot be the Chairman of the Board of Directors or the Chairman of other committees. In addition, depending on the skills required to hold the position and to ensure the effective performance of the related tasks, it is good practice to have a Director elected by minority shareholders on the Committee.

The Risks and Related Parties Committee as a whole has adequate expertise in the business sector in which the Company operates and is therefore in the position to assess the related risks. 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 a member no longer holds the position, the Board of Directors will replace him or her. 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. Organisation and operation

The Risks and Related Parties Committee will 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.

Without prejudice to the provisions of Section B, paragraph 1 above, the financial reporting officer, the Head of Internal Audit, the Head of Compliance, the Chief Risk Officer and the Chairman of the Board of Statutory Auditors or another standing Auditor designated by him/her shall attend the Committee meetings.

1.1.4. Temporary replacement in the event of conflict of interests

With reference to the activities related to opinions on transactions carried out by the Bank with persons in potential conflict of interest pursuant to the Global Policy, for each transaction considered, the members of the Risks and Related Parties Committee must be different from the counterparty and parties related to it.

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 such case, the Committee takes its decision with the casting vote of the Committee Chairman in the event of a tie.

1.2. Remuneration Committee

In accordance with the Supervisory Provisions and the Corporate Governance Code, the Company has set up a "*Remuneration Committee*".

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

- (i) presents proposals or issues opinions to the Board for the definition of a general remuneration policy for the CEO, the General Manager, other directors with strategic responsibilities and key personnel, so that the Board can prepare the Report on Remuneration to be presented to the annual Shareholders' Meeting and can periodically assess the suitability, overall consistency and effective application of the general remuneration policy approved by the Board;
- (ii) presents proposals or issues opinions to the Board on the overall remuneration of the Chief Executive Officer, the General Manager, the other directors with strategic responsibilities, the Heads of the corporate control functions (Head of Compliance function, Chief Risk Officer, Head of Internal Audit function, Head of Anti-Money Laundering function), the financial reporting officer and the Executive Vice Presidents (as identified by the Group's Global Job Model), and for the determination of the criteria for the remuneration of the Company's senior management, including the relevant performance objectives related to the variable component of such 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 the Group and strategic staff development policies;
- (v) directly supervises the correct application of the remuneration rules for the persons in charge of the Company's control functions, in close collaboration with the control 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 for in 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 the remuneration and incentive policies and practices;
- (viii) using information received from the relevant business departments, also gives opinions on the outcomes of the procedure for identifying key personnel, including any exclusions;
- (ix) 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 (3) non-executive independent Directors, including a Chairman appointed by the Board of Directors.

At least one committee member must have adequate knowledge of 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 will 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 a member no longer holds the position, the Board of Directors will replace him or her. 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. Organisation 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 will first ensure that there is no risk that the consultant's independence of judgement may be compromised.

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

No director shall participate in meetings of the Remuneration 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) will report on the exercise of its functions.

1.3. Nomination Committee

In accordance with the Supervisory Provisions and the Corporate Governance Code, the Company has set up a “*Nomination Committee*”.

The Nomination 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 in accordance with the current supervisory provisions;
- (ii) provides the Board with opinions on:
 - the definition (i) of the Policy for the appointment of Directors of subsidiaries and investee companies, and (ii) of the Policy for verifying the suitability requirements of corporate officers and managers of FinecoBank's main corporate functions pursuant to current legislation;
 - the quali-quantitative profile envisaged by the Supervisory Provisions, making proposals to the Board on the quali-quantitative composition of the Board of Directors and its Committees that is deemed optimal and on the maximum number of positions the Directors may hold in other companies that is deemed compatible with the effective performance of their duties in FinecoBank;
 - the appointment of the CEO and/or the General Manager and other key management personnel;
 - the definition of any succession plans for the Chairman of the Board of Directors, CEO, the General Manager and other key management personnel;
 - the identification of candidates for FinecoBank directorships 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 slates submitted by the Board (see “**Annex B**” to these Regulations);
 - the appointment of members of the Board Committees;
 - the various stages of the self-evaluation process (see “**Annex A**”);
- (iii) supports the Risks and Related Parties Committee in the identification and proposal of the heads of the control functions (Compliance, Internal Audit, Risk Management and Anti-Money Laundering) and the head of Reporting of suspicious transactions to be appointed or removed;
- (iv) supports the Board of Directors in assessment of suitability pursuant to Art. 26 of the Consolidated Law on Banking (requirements for company representatives) and, in any case, in the applicable primary and secondary regulations in force (including the requirements for interlocking directorates), as well as in the subsequent check of the quali-quantitative composition that is deemed optimal and the actual composition as it results from the appointment process;
- (v) supports the Board in the process of ascertaining the eligibility requirements prescribed for the heads of the main corporate functions (i.e. Head of Anti-Money Laundering, Head of Compliance Manager, Internal Audit, Chief Risk Officer, Chief Financial Officer and Executive in Charge) pursuant to current legislation;
- (vi) supports the Chairman of the Board of Directors in all the steps pertaining to induction and training programmes for members of the Board of Directors and of the Board of Statutory Auditors;
- (vii) 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) in the subsidiary companies, as well as minority shareholdings.

1.3.1. Composition of the Nomination Committee

The Committee consists of three (3) non-executive independent Directors, including a Chairman appointed by the Board of Directors.

The majority of the members of the Nomination Committee must have adequate knowledge and experience in the matters within the Committee's purview, to be assessed by the Board of Directors upon appointment, also taking into account the quali-quantitative composition that is deemed optimal for the Board.

The members of the Committee will 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 a member no longer holds the position, the Board of Directors will replace him or her. 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. Organisation and operation

In performing its duties, the Nomination 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 practices on nomination matters, the Committee shall first ensure that there is no risk that the consultant's independence of judgement may be compromised.

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

1.4. Corporate Governance, Environmental and Social Sustainability Committee

Taking into account the recommendations of the Corporate Governance Code and in light of the increasing importance of sustainability issues for the financial and banking industry, the Company has established a special and separate committee dedicated to sustainability and corporate governance issues called the "*Corporate Governance and Environmental and Social Sustainability Committee*".

The Corporate Governance, Environmental and Social Sustainability Committee has the functions of informing, advising and making proposals to the Board. It:

- (i) provides opinions and support to the Board of Directors in defining the corporate governance system of FinecoBank, the corporate structure and the Group models and guidelines on governance, and in that context:
 - it monitors changes in national and international laws and best practices on corporate governance, updating the Board of Directors where those changes are significant;
 - it checks that the corporate governance system of FinecoBank and of the Group is in line with the legal and regulatory requirements, the recommendations in the Corporate Governance Code for Listed Companies, and with national and international best practices;
- (ii) gives the Board of Directors proposals on adapting the corporate governance system, where necessary or appropriate;
- (iii) oversees the sustainability issues related to FinecoBank operations and the dynamics of interactions with stakeholders; in particular, the Committee provides the following support to the Board:
 - it oversees the evolution of the sustainability strategy of the Company and the Group based on the relevant international guidelines and principles;
 - it contributes to assessing the risks associated with sustainability issues, especially those risks that could become material in the medium to long term;
 - it examines and if necessary makes proposals concerning the Group's plans, objectives, rules and procedures on social and environmental issues, monitoring implementation over time. In this respect, it supports the Board of Directors in approving policies aimed at promoting diversity and inclusiveness;

- it monitors the positioning of the Company and the Group in relation to financial markets as regards sustainability issues and relations with stakeholders;
- it examines and advises on the policy for managing relations with all the shareholders, taking into account the engagement policies adopted by institutional investors and asset managers;
- it examines in advance the Non-Financial Report pursuant to Legislative Decree No. 254/2016 and the environmental statement pursuant to EMAS Regulation No. 1221/2009, for the areas applicable to FinecoBank, to be submitted for approval by the Board of Directors.

1.4.1. Composition of the Corporate Governance, Environmental and Social Sustainability Committee

The Committee consists of three (3) non-executive independent Directors, including a Chairman appointed by the Board of Directors.

The majority of the members of the Corporate Governance, Environmental and Social Sustainability Committee must have adequate knowledge and experience in the matters within the Committee's purview, to be assessed by the Board of Directors upon appointment, also taking into account the quali-quantitative composition that is deemed optimal for the Board.

The members of the Committee will 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 a member no longer holds the position, the Board of Directors will replace him or her. 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.

1.4.2. Organisation and operation

In performing its duties, the Corporate Governance, Environmental and Social 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 to obtain information on market practices in the field of corporate governance, i.e. specifically on sustainability, the Committee shall first ensure that there is no risk that the consultant's independence of judgement may be compromised.

The Corporate Governance, Environmental and Social Sustainability Committee will meet when convened by its Chairman, whenever he/she deems necessary, or upon the request of one of its members.

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.

The composition of the Board of Statutory Auditors must be gender balanced as provided for by the laws in force at the time, as well as reflect an adequate degree of diversification in terms of, inter alia, skills, experience, age and international exposure, which will be defined, at each renewal, following completion of the self-assessment process and communicated to shareholders and the market through the publication of the document on the qualitative and quantitative composition of the control body.

In order to ensure the proper functioning of the Board of Statutory Auditors and its optimal qualitative and quantitative composition, the Board of Statutory Auditors has established the requirements that FinecoBank's Statutory Auditors must meet, in addition to those provided for by current laws and regulations, as well as the number of administration and control positions that they may hold in other companies (without prejudice, as mentioned above, to the other legal provisions on the subject applicable to members of the control bodies), as illustrated in the document entitled "*Qualitative and Quantitative Composition of the Board of Statutory Auditors of FinecoBank S.p.A.*" (latest version approved by the Board of Statutory Auditors by resolution of 15 March 2021), published on FinecoBank's website, to which reference should be made. The requirements and criteria for the suitability of the members of the control body are also defined in the Policy for verifying the suitability requirements of corporate officers and managers of FinecoBank's main corporate functions, to which reference should be made.

It is good practice, as far as is consistent with the skills required to hold the positions and the need to ensure the effective performance of the relevant tasks, that the positions of Chairman of the Board of Directors, Chairman of the Board of Statutory Auditors, Chief Executive Officer and General Manager are not held by members of the same gender.

The Statutory Auditors shall promptly inform the Company of the corporate offices taken up or terminated during their term of office, and shall provide the same with any useful information for the purposes of ascertaining the requirements prescribed by current legislation, the Bylaws and the Corporate Governance Code as referred to in the aforementioned Policy.

2. OPERATION OF THE BOARD

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 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 notice must state the agenda items for debate, unless special confidentiality-related reasons apply. As a rule, at least 48 hours prior to the meeting, the Chairman provides the 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, is the responsibility of the Chairman, in consultation with the other Statutory Auditors.

If deemed appropriate by the Chairman of the Board of Statutory Auditors, Board meetings may be held via telecommunications links, provided that each attendee can be identified by all the other attendees, can immediately take part in the discussion and can also receive, send and view documents.

Bank employees –and where applicable 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 are 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 FinecoBank 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. DUTIES

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

Specifically, it supervises compliance with the law, the regulations and the Bylaws and the correct administration, the adequacy of the Bank’s organisational and accounting structure, the risk management and control system, the statutory audit of the annual accounts, the independence of the firm in charge of the statutory audit of the accounts, the financial reporting process, the adequacy of the procedures adopted for governing transactions with related and connected parties, as well as compliance with the provisions on non-financial reporting pursuant to Legislative Decree 254/2016.

As part of its supervisory and control activities, the Board of Statutory Auditors monitors on an ongoing basis the effectiveness and adequacy of all the functions involved in the control system, the correct performance of their duties and their proper coordination, reporting any detected shortcomings and irregularities to the body in charge of strategic supervision and to the management body, promoting the necessary corrective actions. The Board of Statutory Auditors informs the Bank of Italy without delay of any act it learns of that may constitute a significant irregularity in the bank management or a significant infringement of banking laws and regulations.

The Board of Statutory Auditors is an integral part of the overall internal control system and performs the functions defined by the Supervisory Regulations, including in its capacity as "Internal Control and Audit Committee" pursuant to Legislative Decree No. 39/2010, in accordance with the procedures and terms set out in the relevant external and internal regulations.

The Board of Statutory Auditors is responsible for overseeing the comprehensiveness, adequacy, functionality and reliability of the internal control system and the RAF, as well as compliance with ICAAP provisions. Due 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 their adequate coordination, promoting corrective actions to remedy any shortcomings and irregularities detected.

The Board of Statutory Auditors is also responsible for overseeing the comprehensiveness, adequacy, functionality and reliability of the business continuity plan.

The Board of Statutory Auditors monitors the adequacy of the instructions given to the subsidiaries, so that they provide the information required to fulfil the disclosure obligations pursuant to the applicable laws. The Board of Statutory Auditors also checks the correct performance of the strategic and management control activities carried out by the Parent Company with regard to the Group companies.

The Board of Statutory Auditors works in close cooperation with the corresponding Group body.

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 consulted not just on decisions regarding the appointment and dismissal of the Heads of control-related corporate functions (Compliance, Group Risk Management, Anti-Money Laundering 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 audits of the operational and business operations departments.

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

In the actual determination of how deep checks should be, as well as assessing any irregularities detected, the Board of Statutory Auditors 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 organisation 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:

1. 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;
2. periodically verifies its own adequacy in terms of powers, functioning and composition, taking into account the size, complexity and businesses undertaken by the Bank;
3. 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;
4. in undertaking its duties, accesses a flow of information from in-house control functions and structures.

The Board of Statutory Auditors is also called upon to verify the suitability of each member of the control body pursuant to Art. 26 of the Consolidated Law on Banking (requirements for corporate officers) and, in any event, of the applicable primary and secondary legislation in force (including the requirements for interlocking directorates, as specified in paragraph 7 below), as well as to ascertain the correspondence between the qualitative and quantitative composition deemed optimal and the actual composition resulting from the appointment process, reporting to the Board of Directors for the purpose of subsequent disclosure to the market.

5. ROLE OF 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 ensures that issues of strategic relevance are given priority, and that all the 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)* corrective measures are adopted to tackle any shortcomings detected; and *(iii)* the Bank prepares and implements inclusion programmes and training schemes for members of the Board of Directors and Board of Statutory Auditors.

6. MEETING AND VOTING 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 a self-assessment on its composition and functioning on an annual basis, based on 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 context;
- identifying the main weaknesses, promoting internal debate and defining corrective measures;
- strengthening partnership and trust among individual members;
- to encourage individual members' active participation, ensuring full awareness of the specific position covered by each member and their associated responsibilities.

Self-assessment includes the checks required by section 26 of the Consolidated Law on Banking and additional legal and regulatory requirements for holding directorships (such as compliance with the prohibition on interlocking directorships in Art. 36 of Legislative Decree No. 201 dated 6 December 2011, converted under Law No. 214 dated 22 December 2011). Where possible, the self-assessment is performed in conjunction with these checks.

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

ANNEX A

Corporate Bodies Regulations

SELF-ASSESSMENT OF THE BOARD OF DIRECTORS

1. SUBJECT OF APPRAISAL

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.

As part of the self-assessment process in question, the composition and actual functioning of the Board of Directors and its Committees are important, also considering the role they have played in defining strategies and in monitoring the management performance and the adequacy of the internal control and risk management system.

With reference to the former aspect, the following are relevant: the quali-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 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, cooperation and interaction between members, their awareness of their role and the quality of the discussions by the Board.

The adequacy of the corporate bodies, in terms of composition and performance, is measured specifically in certain thematic areas which are relevant for the purposes of sound and prudent management.

Below are the strategic guidelines: business management, the planned and achieved performance levels; the RAF, ICAAP, asset valuation, risk measurement systems including non-compliance, and money laundering and terrorist financing risks to which the Bank is exposed; the organisational structure, management authorities, conflict-of-interest management; the system of internal controls, including business continuity; outsourcing policies; financial reporting and the financial accounting systems; information flows between company departments and functions; remuneration and incentive systems.

2. PEOPLE INVOLVED

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

- (i) the Chairman of the Board of Directors, 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 Nomination 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 appointed by the Chairman of the Board of Directors upon proposal of the Nomination 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 in the strict sense is preceded by a phase in which the Nomination Committee sets out the main objectives of the assessment. The process is divided into the following steps:

- (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) preparing the summary document on the results of the process.

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

Where considered necessary, in any case at least once every three years, an external, independent advisor is consulted.

3.1. Preliminary investigation phase

The information needed for the self-assessment is collected in questionnaires, interviews, the analysis of minutes, round tables or other interview techniques. In addition to the directors, participants may include members of the bank's internal personnel whose duties give them information that enables them to express relevant considerations. They include persons reporting directly to the body, (for example the heads of business units, the heads of business control functions) or those attending its meetings (for example members of the board of statutory auditors).

The assessment relates to the Board itself and also to the Committees, and it may relate to the contribution of individual board members.

The questionnaires are divided into sections covering the composition and functioning of the Board of Directors as a whole, and that its internal committees. They may include an assessment of the work of individual members of the Board. 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.

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 advisor of a summary paper containing the aggregates of the results.

3.2. Processing of the self-assessment results

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

This analysis is formalised in a separate document that explains:

- (i) the methodology and the individual phases comprising the process;
- (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 in the next self-assessment.

This document will then be submitted to the Nomination Committee, and then, together with the opinion of

that committee, to the Board of Directors for collective discussion and approval.

Where required, the document is submitted to the European Central Bank or the Bank of Italy.

ANNEX B

Corporate Bodies Regulations

PROCESS FOR SELECTING CANDIDATES FOR THE OFFICE OF CHAIRMAN, CHIEF EXECUTIVE OFFICER AND MEMBER OF THE BOARD OF DIRECTORS

1. Introduction

In order to adopt the highest market standards, and based on the principles of efficiency and transparency, FinecoBank has approved the process to regulate the selection of candidates for the position of member of the Bank's Board of Directors, by the board itself (the "**Selection Process**").

In particular, the selection process applies to cases in which:

- (i) the Board decides to submit a list of candidates to the Shareholders' Meeting;
- (ii) the Board is asked to substitute one or more directors in accordance with Art. 2386 Italian Civil Code;
- (iii) when publishing the quali-quantitative profiles on its website, the Board identifies possible names for the position of Director.

The Process also applies to the selection of candidates for the position of Chairman and Chief Executive Officer.

In the context of the selection process, the Nomination Committee, as required by the applicable laws and regulations, plays a central role and assists the Board of Directors in defining the roles and ability/experience and skills required for the position, and in identifying candidates for directorships.

2. People involved in the process

The Board of Directors:

- a. approves the process for selecting candidates for membership of the Board of Directors;
- b. approves the Quali-Quantitative Profile;
- c. identifies the profile of the candidates, appoints the directors who will replace the outgoing board members and identifies candidates for the position of director where lists are submitted by the board to the Shareholders' Meeting, or potential candidates for the position of director where quali-quantitative profiles are published on the website.

Nomination Committee:

- a. assists the Board of Directors in the various phases of the selection process;
- b. identifies the External Consultant on which the Committee Chairman confers the assignment;
- c. carries out the preliminary investigation for drafting of the Quali-Quantitative Profile;
- d. proposes the profile of ideal candidates and the proposed short list of candidates.

Chairman of the Nomination Committee: ensures that the methods with which the process is carried out are effective and consistent with the aims of the Selection Process itself.

The External Consultant is one or more companies that:

- a. supports the Nomination Committee in the drafting of the Quali-Quantitative Profile;
- b. collaborates in defining the profile of candidates to be sought;
- c. provides support for the search for potential candidates ("head hunting").

3. Phases of the process

The Process is divided into the following four steps:

- granting of the mandate to the External Consultant;
- definition of candidates' profile;
- search for candidates;
- nomination/preparation of the list/identification of the candidates.

3.1. Engagement of External Consultant

The External Consultant, appointed by the Nomination Committee, must be identified from among leading corporate governance and/or head hunting advisory firms. The selection of this External Consultant 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. To ensure that the process is fully transparent and effective, at least two firms must be considered for the selection process.

In urgent cases, the Nomination Committee may carry out the work of the External Consultant itself, without selecting any advisor.

3.2. Definition of candidates' profile

If a list is submitted, or if the Board is called upon to replace one or more Directors pursuant to Art. 2386 of the Italian Civil Code, or if it is called upon to identify, upon publication of the Quali-Quantitative Profile on the website, the possible candidates it deems suitable to hold the office of Director, the Nomination Committee:

- takes into account the results:
 - of the most recent self-assessment in order to assess the necessary updates to the Board's Quali-Quantitative Profile, where required;
 - in the case of submission of the List, of the peer to peer assessment, in order to identify a selection criterion and constitute the shortlist of members in office to be reappointed;
- constructs the “skills matrix” of the Board in order to highlight those skills to be sought in order to achieve the Board's Quali-Quantitative Profile;
- defines the profile of the persons to be sought and formulate the proposal to be submitted to the Board of Directors for approval.

The Board of Directors approves the profile of the ideal candidate(s) to be sought.

3.3. Search for candidates and interviews

The recruitment firm(s) draw up a long list of potential candidates who match the job description as approved by the Board of Directors and submit it to the Nomination Committee.

The Nomination Committee will select a short list and initiates individual interviews with each of the potential candidates.

After the interview stage, the Nomination Committee draws up a shortlist (or a single candidate in the case of co-option), based on the list prepared by the External Consultant. The shortlist will then be submitted to the Board of Directors.

3.4. Nomination/preparation of lists/identification of candidates

The Nomination Committee will present the Board of Directors either with a list of candidates to be presented to the Shareholders' Meeting, or with a list of candidates considered appropriate for the position of director where the profiles are published on the website, or with the names of one or more candidates to replace one or more directors as required by Art. 2386 Italian Civil Code.

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