

FINECO

B A N K

QUALITATIVE AND QUANTITATIVE COMPOSITION

OF THE BOARD OF DIRECTORS
OF FINECOBANK S.P.A.

Milan, March 16, 2021

FINECO. SIMPLIFYING BANKING.

CONTENTS

1. ASSESSMENT BY THE BOARD OF DIRECTORS OF FINECOBANK S.P.A. ON THE QUALI- QUANTITATIVE COMPOSITION OF ITS OWN ADMINISTRATIVE BODY	5
1.1. Quantitative composition of the Board of Directors	7
1.2. Qualitative composition of the Board of Directors	8
1.2.1. Professional requirements	8
1.2.2. Aptitudes	11
1.2.3. Dedication and availability.....	11
1.2.4. Limit on number of positions held	13
1.2.5. Incompatibility, ineligibility, forfeiture.....	13
1.2.6. Statutory independence	14
1.2.7. Independence of judgement.....	14
1.2.8. Gender quotas.....	14
1.2.9. Integrity requirements	15
2. INDUCTION AND TRAINING.....	15

INTRODUCTION

In accordance with the contents of the Regulatory Provisions for Banks on Corporate Governance – Bank of Italy Circular No. 285 of 17 December 2013 (hereinafter the “**Regulatory Provisions**”), for the purposes of appointing or co-opting directors, banks’ boards are required to identify their composition, and the number of board members considered optimal for the effective fulfilment of their duties and their legal, regulatory and statutory responsibilities.

In line with the general principles of the Regulatory Provisions:

- A) in quantitative terms, the number of members of the Corporate Bodies must be sufficient in relation to the size, characteristics and complexity of the bank, in order to ensure the effective coverage of all company operations, in terms of management and control.
- B) from a qualitative perspective, the proper fulfilment of the functions that fall under the responsibility of the strategic bodies requires the presence on the board of persons who:
 - are fully cognizant of the powers and obligations linked to the functions that each of them is required to perform (supervision or management; executive and non-executive functions; independent members etc.);
 - have professional characteristics which are adequate for their role and their position on any board committees, and are appropriate considering the operational profile and size of the bank;
 - have diverse expertise, appropriately distributed among all the members, to allow each member to make an effective both as a member of the board committees and when taking board decisions, in order to identify and pursue strategies to assure the effective governance of risks in every area of the bank;
 - who devote adequate time and resources to the complexity of their role, subject to the limits on the number of directorships as provided for in Directive 2013/36/EU of the Parliament and Council of 26 June 2013 on access to the activities of credit institutions and the prudential supervision of credit institutions and investment companies, amending Directive 2002/87/EC and repealing directives 2006/48/EC and 2006/49/EC (the “**CRD IV Directive**” or “**CRD IV**”);
 - direct their actions towards the pursuit of the bank’s general interest, regardless of the shareholder that voted for them or the list they were drawn from, and who exercise their independent judgement.

The Regulatory Provisions require attention to be paid to all the members, including the non-executive directors: the non-executive directors participate in the decisions taken by the board as a whole, and are asked to perform an important role in terms of communicating, and monitoring the decisions taken by the executive members. The authority and professionalism of the non-

executive directors must be adequate to the effective exercise of these functions, which are decisive for the sound, prudent management of the bank: it is therefore essential that the body of non-executive directors must have, and express, adequate knowledge of the banking business, the dynamics of the economic and financial system, banking and financial regulation and, in particular, knowledge of risk control and management methods, as this type of knowledge is vital, if they are to perform their duties effectively.

The Regulatory Provisions also require that the members of the body performing strategic supervision must include independent individuals who oversee the management of the company using their own independent judgement, helping to ensure that the company is managed in the interests of the bank, and in accordance with the objectives of sound and prudent management. For larger or more complex banks, the presence within the specialised board committees (with investigative, positive or advisory functions) of this type of independent individual facilitates the taking of decisions, with particular reference to more complex areas, or areas in which there is a higher risk of a conflict of interest situation arising.

The objective of the regulatory provisions is to ensure that – both after the appointment process, which involves multiple bodies and functions (the Appointments Committee, if present; Board; Shareholders' Meeting) the top management includes, at all times, persons who can ensure that their designated roles are performed efficiently. To this end, the professional skills necessary to achieve this result must be clearly defined ex ante - and possibly reviewed over time to take account of any emerging issues, and the selection of candidates must take into account these recommendations.

The regulator requires that the outgoing members of the executive body must decide, in advance, the composition and number of members of the new board, which they consider to be optimal based on the regulatory objectives. In particular, hypothetical candidate profiles must be outlined and justified, with details of the characteristics considered most appropriate for the duties to be performed on the Board of Directors (and on any internal board committees).

The guidelines for shareholders concerning the optimal composition and qualitative characteristics of the executive body will be proposed in accordance with the contents of the Corporate Governance Code for Listed Companies⁽¹⁾.

The applicable national and European laws are listed below, including also “soft law”, as it is considered essential for these principles to be reflected in the candidate selection process:

⁽¹⁾ See art. 4, recommendation 23, pursuant to which the board of directors expresses, in view of each renewal, an orientation on its quantitative and qualitative composition deemed optimal, taking into account the results of the self-assessment. This guideline identifies the managerial and professional profiles and the skills deemed necessary, also in the light of the company's sector-specific features, taking into account the diversity criteria indicated in the Corporate Governance Code itself and the guidelines expressed on the maximum number of offices held, in application of the recommendations contained therein.

- Art. 147-ter, 147-quinquies and 148 of Legislative Decree 58/1998 (“**TUF**”);
- Art. 36 of Decree Law No. 201 of 6 December 2011 “*Urgent measures for growth, equity and consolidation of public finances*” (the “**Save Italy**” decree) converted with amendments by Law no. 214 of 22 December 2011 (“*Interlocking Directorship*”);
- Ministerial Decree No. 169/2020 “*Regulations on suitability requirements and criteria for the roles of corporate officers of banks, financial intermediaries, credit unions (“confidi”), electronic money institutions, payment institutions and depositor guarantee schemes*” (“**M.D. 169/2020**”)⁽²⁾;
- Ministerial Decree No. 162/2000 “*Regulations containing rules on stipulating the integrity and professionalism requirements for the members of the boards of statutory auditors of listed companies to be issued under Article 148 of Legislative Decree no. 58 dated 24 February 1998*” (“**M.D. 162/2000**”);
- Part I, Title IV, Chapter 1, Section IV (Composition of corporate bodies) of the Bank of Italy Circular No. 285 of 17 December 2013 (“**Regulatory Provisions for Banks**”);
- the Corporate Governance Code for listed companies approved on January 31, 2020 by the Corporate Governance Committee and promoted by Borsa Italiana, ABI, Ania, Assogestioni, Assonime and Confindustria, in force as of January 1, 2021 (the “**Corporate Governance Code**”);
- CRD IV and Regulation EU No. 575 of the European Parliament and Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the “**CRR**”);
- *EBA Guidelines* on Internal Governance (2017), which entered into force on 30 June 2018;
- *EBA/ESMA Joint Guidelines* on identifying the suitability of members of strategic supervisory and management bodies the holders of key functions, last published on 21 March 2018 and entering into force on 30 June 2018 (the “**EBA/ESMA Guidelines**”).

1. ASSESSMENT BY THE BOARD OF DIRECTORS OF FINECOBANK S.p.A. ON THE QUALI-QUANTITATIVE COMPOSITION OF ITS OWN ADMINISTRATIVE BODY

The mandate of the Board of Directors of FinecoBank S.p.A. (the “**Company**” or “**FinecoBank**” or the “**Bank**”) appointed on 11 April 2017 ended with the approval of the financial statements to 31 December 2019. The Shareholders have thus been asked to elect new directors at the Shareholders’ Meeting held on April 28, 2020.

In this regard, the Extraordinary Meeting on 18 February 2020 approved a series of proposed revisions of the Bank’s corporate governance in order to adapt to the new shareholder structure

⁽²⁾ M.D. 169/2020 applies to appointments made after the date of its entry into force (*i.e.* December 30, 2020). More detailed information on its application is contained in art. 26 (*Transitory rules and entry into force*). Furthermore, it is specified that the provisions on suitability requirements set out in Ministerial Decree no. 161/1998 “*Regulations containing rules for the identification of the requirements of integrity and professionalism of the company representatives of banks and the causes of suspension*” continue to apply to the directors appointed before the entry into force of the new decree.

following its exit from the UniCredit Group. Apart from further strengthening the requirements of the bank's legal representatives, in line with Italian and European legislation and current practice, the board of directors now has the right to submit its own list of candidates for the position of director, when the Board is re-elected⁽³⁾.

In view of this, and in consideration of the information given in the Preamble, the Board of Directors of FinecoBank has been asked, within the previous financial year, to identify the hypothetical profiles (including the characteristics of professionalism and independence) of the candidates, taking into account that their level of authority and professionalism must be adequate for the duties that the directors are asked to perform on the Board (and on any board committees), also considering the size and complex nature of the Company's operations. The results of the self-assessment and peer review processes conducted over the past three years were also taken into account when preparing these profiles, as well as the experience gained during the previous mandate, in terms of the activities and mode of operation of the Board and of its committees.

On February 25, 2020, the Board of Directors approved the document "*Qualitative and Quantitative Composition of the Board of Directors of FinecoBank S.p.A.*" (the "**2020 Qualitative and Quantitative Profile**") made available in good time to Shareholders by publication on the Bank's website, so that they could take it into account when selecting candidates for the renewal of the Board. The composition of the Board appointed following the resolution passed by the Shareholders' Meeting was consistent with the 2020 Quality-Quantitative Profile.

Following the resignation of a director on 9 February 2021 (with effect from 1° March 2021), it was necessary to co-opt a new director pursuant to art. 2386 of the Italian Civil Code, in order to integrate the number of members of the administrative body to the extent deemed optimal by the Board of Directors, as described in paragraph 1.1 below. (*The quantitative composition of the Board of Directors*).

The next Shareholders' Meeting will therefore be called upon to integrate the Board of Directors with a new director who complies with the suitability requirements set out by the applicable legislation in force. In this regard, it is therefore appropriate to update the 2020 Qualitative and Quantitative Profile, in order to include the legislative and regulatory changes that have taken place in the meantime with reference to the suitability requirements for banking representatives, which must be taken into account for the appointment of the new director, as well as the recent process of self-assessment of the Board of Directors, which essentially confirms the competences as resulting from the 2020 Qualitative and Quantitative Profile. This document has been made

⁽³⁾ In this context, the participation and representation of the minority shareholders have been extended. Specifically, two directors shall be allocated to the list that came second in terms of number of votes, while one director shall be allocated to the list coming third by number of votes, provided they obtained at least 2% of the votes cast at the shareholders' meeting.

available to the shareholders in good time for them to take this information into account, when selecting the candidates. This should nevertheless be without prejudice to the right for Shareholders to express different assessments regarding the optimal composition of the Board, giving reasons for any deviations from the Board's analysis.

1.1. Quantitative composition of the Board of Directors

As mentioned above, the Regulatory Provisions, along with the general considerations on the quantitative aspect of the board of directors, have introduced more specific provisions in this regard, which have been summarised below:

- for larger and more complex banks, the maximum number of directors is 15, except in exceptional cases which must be assessed and justified in detail;
- for larger or more complex banks, the strategic supervision body requires three committees specialising in “appointments”, “risks”, and “remuneration”;
- each of these board committees must usually be formed of between three and five members, all of whom are non-executive and the majority must be independent. The committees must be differentiated by at least one member and, if a director was elected by minority shareholders, he must be part of at least one committee.

With regard to the Company, Art. 13 of the Bylaws provides that the Board be made up of a minimum of nine up to a maximum of thirteen members.

The board's self-assessment process – which was conducted in the previous financial year in accordance with the Regulatory Provisions and the provisions of the Code for listed companies applicable at that time – revealed that **the board needed to be increased to 11 members**, in view of the new role of parent company of the FinecoBank Banking Group, which was assumed on 10 May 2019, also taking into account the composition, structure and importance of the committees set up in accordance with the Regulatory Provisions for Banks.

In this regard, note that, in line with the recommendations set out by the 2020 Qualitative and Quantitative Profile, four internal board committees have been formed: *(i)* a Corporate Governance and Environmental and Social Sustainability Committee of three members, *(ii)* an Appointments Committee of three members, *(iii)* a Remuneration Committee of three members, and *(iv)* a Risks and Related Parties Committee of five members; all the members of the committees are independent directors in accordance with the TUF and the Corporate Governance Code.

In light of the above, the Board of Directors confirms its recommendation that the number of members of the Bank's administrative body be set at 11.

1.2. Qualitative composition of the Board of Directors

In view of the framework outlined above, when formulating its recommendation to the Shareholders who will be submitting the candidates for the role of director, with regard to the professionalism and expertise considered to be necessary for the optimal composition of the company's board of directors, the Board has reiterated the importance of:

- assuring in the future that the Board has a balanced combination of profiles and experience, with preference to be given to having increased knowledge of the banking sector, and of strategic orientation, risks and controls, in view of the future challenges to be faced by the Bank;
- favour aptitudes which will optimise the directors' fulfilment of their mandates;
- confirm a system of powers and authorities that qualifies the CEO as the only executive member of the board of directors, while assuring that the Board can verify the exercise of the powers granted;
- guarantee the communication aspect assured by the independent directors, based on the inclusion of an appropriate number of independents in the Board and in the Committee;
- recognise that the availability of time and resources is a key aspect of the effective fulfilment of the directors' role on the Board and on the Committees;
- promote the existing diversity requirements, with particular regard to the international reach (regardless of nationality) and diversity of gender;
- assure the diversity of seniority levels of the Directors, by acknowledging the value that comes from having different age groups on the board.

1.2.1. Professional requirements

Subject to compliance with the legal requirements, the Board has outlined the optimal composition that will assure the most appropriate balance of experience and skills. The Board has defined a "table of skills" which illustrates the collective experience, knowledge and expertise it considers appropriate in order to obtain the optimal qualitative composition. In particular, when defining the 2020 Qualitative Quantitative Profile, the Board considers that the experience and knowledge illustrated in this table should be represented in the lists submitted for the re-election of the board, and that the distribution of this knowledge should be:

- very broad, or possessed by at least three (3) candidates, with reference to the first skill group (from 1 to 8);
- broad, or possessed by at least two (2) candidates, with reference to the second skill

group (from 9 to 11).

The Board recommends that the above guidance be adhered to even following the integration of the Board of Directors with the new director.

TABLE OF SKILLS AND PROFESSIONAL BACKGROUND FOR MEMBERS OF THE BOARD OF DIRECTORS

	Very broad	Broad
1. KNOWLEDGE OF THE BANKING INDUSTRY AND OF THE RISK ASSESSMENT AND MANAGEMENT TECHNIQUES involved in the banking business, acquired through several years' experience in administration, direction and control in the financial sector;	X	
2. BUSINESS MANAGEMENT AND ORGANISATION EXPERIENCE , acquired through several years' activity in the administration, direction or control of large companies or groups;	X	
3. CAPACITY TO INTERPRET THE FINANCIAL REPORTING DATA OF A FINANCIAL INSTITUTION , obtained through several years' experience in the administration and control of companies in the financial industry or in the exercise of professional activities or university lecturing;	X	
4. GOVERNANCE EXPERTISE (auditing, legal, corporate, remuneration systems etc.), obtained through several years' experience in business management and control - with particular reference to the financial industry - in large companies, or in the exercise of professional activities or university lecturing;	X	
5. KNOWLEDGE OF THE REGULATIONS PERTAINING TO THE BANKING AND FINANCIAL INDUSTRY , obtained through several years' experience with financial companies		

or supervisory bodies, or the exercise of professional activities or university lecturing;	X	
6. KNOWLEDGE OF THE GLOBAL DYNAMICS OF THE ECONOMIC AND FINANCIAL SYSTEM , obtained through significant experience within research institutions, business research offices or international bodies or regulatory bodies;	X	
7. EXPERIENCE AND KNOWLEDGE OF FINECOBANK'S REFERENCE MARKETS , acquired through studies or research at research organizations or through years of experience in business or professional activities with institutions or bodies, groups or (public or private) companies, also with an international footprint;	X	
8. EXPERTISE IN COMPLIANCE , acquired through studies or professional experience gained from previous positions such as experience with compliance issues or within supervisory bodies (including product control);	X	
9. INTERNATIONAL EXPERIENCE AND KNOWLEDGE OF FINECOBANK'S MARKETS , acquired through previous research or academic or professional experience;		X
10. KNOWLEDGE AND EXPERIENCE IN INFORMATION TECHNOLOGY , acquired through studies or practical professional experience gained from previous positions;		X
11. EXPERTISE IN SUSTAINABILITY , with a particular focus on strategic aspects and the management of risks with relevance to medium-long term sustainability, acquired through studies or practical professional experience from previous positions.		X

While each director must have a good level of knowledge and experience, preferably in two or more of the indicated areas, the Board recommends that all the areas of expertise indicated above should be represented on the administrative body, as the simultaneous presence of diverse experiences ensures the complementarity of the directors' profiles and favours dialogue and the efficiency functioning of the Board. In general, the directors should have an up to date knowledge of the business in which the Bank operates, and of its risks, at a level that gives them a sufficient understanding of the various areas.

To enable Shareholders to understand the skills of each candidate more easily, the Board requires the all candidacies to be accompanied by CVs and declarations signed by the candidates themselves, containing detailed evidence of their expertise in the various areas listed above.

With specific reference to the appointment of the new director for the integration of the Board, the candidate – without prejudice to the provisions of this paragraph 1.2.1. – shall also meet the requirements of professionalism and the criteria of competence set out in articles 7 and 10 of M.D. 169/2020.

1.2.2. Aptitudes

The Council also recommended that the following aptitudes be kept into consideration, as they constitute the requirements for the role of Member of the Company's Board of Directors:

- goal orientation, collaboration and guidance skills, namely:
 - ability to analyse various issues from different perspectives and, therefore, to actively promote sharing and argumentation (premise of a collective and well-informed decision) by encouraging comparison and exchange of views and, to that effect, valuing all the skills and professionalism within the administrative body;
 - ability to enrich the Board's discussions with goal-oriented interventions aiming, in general, at pursuing the Company's development and business interests and at creating value for its Shareholders;
- decision-making ability, namely: ability to identify and pursue the issuer's strategic and business objectives, and to encourage such conduct.

In general, the Board favours those candidates who not only have high levels of professional ability in the areas listed, but also have soft skills such as authenticity, the ability to “stand up”, communicate and be influential, leadership, a spirit of collaboration, good judgement and in general, the other soft skills indicated in the EBA/ESMA Guidelines (see Annex A).

1.2.3. Dedication and availability

In view of the indications on the Regulatory Provisions and M.D. 169/2020⁽⁴⁾, the availability of time and resources to dedicate to a directorship is – considering the nature and status of the position – a fundamental requirement for the prospective director, also in terms of the activities involved in participating in the Board committee meetings, where applicable.

⁽⁴⁾ The requirement for availability of time (already referred to in the EBA/ESMA Guidelines) is now expressly provided for in art. 16 of M.D. 169/2020.

With reference to the Company's specific context, for the purposes of information, please note that in each year of the three-year period 2017-2019, an average of 14 Board of Directors' meetings were held per year, as well as 15 meetings of the Risks & Related Parties Committee, 11 meetings of the Remuneration Committee and approximately 9 meetings of the former *Corporate Governance, Appointments and Sustainability Committee*. On average, each Board of Directors' meeting lasted 2.5 hours, with 3 hours for the meetings of the Risks & Related Parties Committee, 2 hours for the Remuneration Committee, and finally 2 hours for the former *Corporate Governance, Appointments and Sustainability Committee* meetings.

The time necessary to examine the documents sent ahead of each Board or committee meeting must also be considered, as well as the commitment required to attend events off-site, as well as informal and/or induction sessions.

The Board recommends that candidate accept a position if he/she considers that he/she will be able to dedicate the necessary time to it, taking into account the time allocated to other professional or working activities as well as other positions held at other companies.

The Board of Directors of FinecoBank has carried out an estimate, to be used as a benchmark to assess the minimum time considered necessary for effective attendance at meetings, in order to guarantee the proper functioning of the Board and the contribution of each member to Board discussions. This information is summarised below:

Chairman of the Board of Directors	50/60 days per year
Deputy Chairman of the Board	10 days per year ⁽⁵⁾
Chief Executive Officer	<i>full time</i>
Non-executive Director	20 days per year
Member of the Risks and Related Parties Committee	12 days per year (6 days more per year, for the Chairman) ⁽⁶⁾
Member of the Remuneration Committee	6 days per year (3 days more per year, for the Chairman) ⁽⁷⁾
Member of the Corporate Governance, Environmental and Social Sustainability	9 days per year (3 days more per year, for the Chairman) ⁽⁸⁾

⁽⁵⁾ In addition to the time required to cover the role of non-executive director.

⁽⁶⁾ In addition to the time required to cover the role of non-executive director.

⁽⁷⁾ In addition to the time required to cover the role of non-executive director.

⁽⁸⁾ In addition to the time required to cover the role of non-executive director.

Committee

Member of the Remuneration Committee	9 days per year (4/ 5 days more per year, for the Chairman) ⁽⁹⁾
--------------------------------------	--

1.2.4. Limit on number of positions held

The Boards of Directors are also required to comply with regulatory and statutory provisions governing the holding of positions within companies other than the Bank.

In accordance with art. 17 of M.D. 169/2020⁽¹⁰⁾, members of the Board of Directors may not hold a total number of positions in banks or other commercial companies⁽¹¹⁾ that exceeds one of the following alternative combinations:

- 1 executive office and 2 non-executive offices, including their position at FinecoBank;
- 4 non-executive offices, including their position at FinecoBank;

it should also be noted that the following positions are considered as a single directorship: (a) executive or non-executive directorships held within the same group; (b) executive or non-executive directorships held in banks belonging to the same institutional protection system; and (c) executive or non-executive directorships held within companies, not belonging to the group, in which the entity holds a qualified equity interest as defined by Regulation (EU) no. 575/2013, art.4(1), point 36.

1.2.5. Incompatibility, ineligibility, forfeiture

Regarding the numerous causes of incompatibility, disqualification or forfeiture that may affect a candidacy and/or the holding or maintaining of a position – including but not limited to the circumstances referred to in Articles 2382 civil code and 187-*quater* TUF – shareholders are asked to pay particular attention to the prohibition on interlocking, which relates to interlocking positions in the credit and financial markets.

Specifically, in accordance with Article 36 of Decree Law 201 of 6 December 2011 converted

⁽⁹⁾ In addition to the time required to cover the role of non-executive director.

⁽¹⁰⁾ The provisions of M.D. 169/2020 reflect what is already contained in art. 91 of the CRD IV Directive as also referred to in art. 13, paragraph 2, of the Bylaws.

⁽¹¹⁾ The term "commercial company" refers to a company with registered office in Italy, established in accordance with one of the forms provided for in Book V of the Civil Code, Title V, Chapters III, IV, V, VI and VII, and Title VI, whose purpose is to carry out one of the activities envisaged by Article 2195, paragraph 1, of the Civil Code, or a company with registered office in a foreign country and qualifying as a commercial company pursuant to the provisions of the relevant legislation of the country in which it has its registered office or general management.

with amendments by Law no. 214 of 22 December 2011 containing provisions on “*interlocking personal interests in the credit and financial markets*” and the prohibition on “*holders of positions on management, supervisory or control bodies and the top management of companies or groups operating on the credit, insurance and financial markets from holding or exercising similar positions in competing companies or groups*”, the Board of Directors recommends that the shareholders indicate candidates for whom it has already been verified that there are no grounds for incompatibility provided for in the above-mentioned law.

Finally, it should be noted that the laws on incompatibility for public employees and the holders of public offices (Legislative Decree 165/2001 as amended) must also be respected.

1.2.6. Statutory independence

In accordance with Article 13 paragraph 3 of the Bylaws, the majority of the members of the Board of Directors must meet the independence requirements as set out in the Corporate Governance Code.

Independent Directors must also meet the independence requirements set out in art. 148 TUF (by virtue of the reference made by art. 147-ter, paragraph 3 TUF), as well as the requirements set out in art. 13 of M.D. 169/2020.

In consideration of the above, the Board recommends that the Shareholders’ proposals be made in such a way as to ensure that the majority of the Board members meet the independence requirement as contained in art. 2, recommendation 7 of the Corporate Governance Code, art. 148 TUF and art. 13 of M.D. 169/2020.

1.2.7. Independence of judgement

All the directors must be able to reach well-founded, objective independent decisions (they must be able to act with independence of judgement). Any conflict of interest situation may be relevant in this regard.

Specifically, the Board considers that in order to fully preserve the autonomy of judgement of the Board members, the candidates must provide the Company with any information concerning the situations of potential conflict of interest referred to in art. 15, paragraph 2, of M.D. 169/2020.

1.2.8. Gender quotas

Art. 147-ter, para. 1-ter, TUF, as last amended by Law no. 160 of 27 December 2019 requires compliance with the principle of gender balance, whereby the less represented gender must be reserved at least two-fifths of the number of the elected members.

1.2.9. Integrity requirements

Considering the importance that integrity requirements have, in terms of reputation, in accordance with the provisions of the Regulations of Corporate Bodies, the Board recommends that candidates for the position of director of the Bank not only meet the integrity requirements of M.D. 162/2000 (by virtue of the reference made in Art. 147-*quinquies* TUF) and M.D. 169/2020:

- they must not be – and must not have been in the past – in a situation that, having regard to the financial and economic activity of the candidates (or the companies they control, or hold direct or significant interests in) are or may be such that their reputation would be affected or there would be significant losses for the Bank;
- they have not acted in a way that, even if no criminal offence was committed, is not compatible with the position of director of the Bank or which may lead to seriously adverse consequences for the Bank in terms of its reputation.

Without affecting the above requirements, any lack of which will in itself result in forfeiture of office, the Board recommends that the candidates must fulfil specific integrity criteria in terms of their personal and professional conduct, in line with art. 4 of M.D. 169/2020. In particular, all the factors pertaining to reputation and integrity must be borne in mind, including but not limited to: criminal proceedings, criminal convictions, administrative penalties for violation of corporate, banking, financial, insurance, anti-money laundering laws, or regulations on markets and payment instruments, disqualification or precautionary measures ordered by the banking, financial and insurance regulators.

2. INDUCTION AND TRAINING

Finally, following up on the Bank of Italy's recommendations on the need for banks to adopt training programmes that guarantee an appropriate level of technical knowledge for the members of their corporate bodies, the Board hopes that future director will benefit from an adequate induction programme, as they have done in the past, particularly at the time of first appointment.

For each year of the three-year term, the Company has organised a series of ongoing training initiatives including sessions on the regulatory framework, issues of significance for the company, and those with strategic importance.

With this spirit it is considered that in the future, the growing investment in training will be a decisive step towards a full understanding of scenarios which are now becoming increasingly complex. It will also be a valuable opportunity to promote a sense of belonging to the Board, encouraging the Directors to become increasingly aware of their roles.

Annex A

Soft skills

This is a non-exhaustive list of the relevant skills referred to in paragraph 61 of the EBA/ESMA guidelines, which entities are required to consider when carrying out their assessments:

a. **Authenticity:** cohesion between words and actions, in accordance with the established values and beliefs. Open communication of their intentions, ideas and feelings, to promote a context of openness and honesty; properly informing supervisors about current situations, while recognising the risks and issues.

B. **Language:** able to communicate verbally in an articulate, conventional manner and to write in their native language or in the working language of the entity.

c. **Resoluteness:** takes prompt, informed decisions, acting promptly or adopting precise behaviour, for example expressing their opinions without procrastinating.

D. **Communication:** able to transmit a message comprehensively and acceptably, and in an appropriate form. Seeks to provide and obtain clarity and transparency, and encourages active listening.

e. **Judgement:** able to weigh up a variety of data and behaviours and to reach a logical conclusion. Examines, recognises and understands the elements involved and the essential issues. Takes a broad view, and looks beyond their own area of competence, particularly when dealing with problems that may jeopardise the continuation of the business.

f. **Approach focused on quality and customers:** makes efforts to guarantee quality and where possible, find ways to improve it. In particular, this means objecting to the development or marketing of products and services or capital expenditure, for example on products, offices or businesses, in circumstances where they are not able to properly assess the risks due to a lack of understanding of the basic architecture, principles or assumptions. Identifies and studies the wishes and needs of customers, ensures that customers do not incur risks unnecessarily and presents the customers with correct, complete and balanced information.

g. **Leadership:** provides indications and guidelines to a group, builds and maintains teamwork, motivates and encourages the available members of staff and ensures that members of staff have the professional competence they need to reach a specific objective. Receptive to criticism and offers space for critical debate.

h. **Loyalty:** Identifies with the company and has a sense of engagement. Demonstrate that they can dedicate enough time to the job and that they can carry out their tasks correctly, defend the company's interests and act in a critical, objective manner. Recognises and anticipates potential personal or corporate conflicts of interest.

- i. **External awareness:** Monitors the developments, power base and conduct within the organisation. Is well informed about relevant financial, economic, social and other developments both nationally and internationally, which may affect the company, and the interests of the interested parties and is able to exploit that information effectively.
- j. **Negotiation:** Identifies and discloses common interests in a way that builds consent, while pursuing the negotiation objectives.
- k. **Persuasive:** Able to influence the opinions of others, by exercising powers of persuasion and using authority and natural tact. Has a strong personality and can withstand pressure.
- l. **Teamwork:** Aware of the interests of the group and contributes to the pursuit of a common result; is able to act as part of the team.
- m. **Strategic acumen:** Is able to develop a realistic vision of future developments and to translate that into long-term objectives, for example by applying a scenario analysis. In doing this they will take adequate account of the risks to which the company is exposed and will take the appropriate measures to limit those risks.
- n. **Resilience to stress:** Resilient, and can work cohesively, even if subjected to great pressure, in times of uncertainty.
- o. **Sense of responsibility:** Understands internal and external interests, assesses them carefully and acknowledges them. Has the capacity to understand and realise that their own actions affect the interests of the interested parties.
- p. **Attendance at meetings:** Able to chair meetings efficiently and effectively and to create an open atmosphere that encourages everyone to participate in equal conditions; is aware of the duties and responsibilities of other people.

finecobank.com