

**FINECO**

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# REPORT ON THE CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

pursuant to Article 123-bis of the Legislative Decree  
no. 58 of February 24, 1998  
(traditional management and control model)

*Name of Issuer:*  
**“FinecoBank S.p.A.”**

*Website:*  
**finecobank.com**

*Financial year of reference of the Report:*  
**January 1, 2020 / December 31, 2020**

*Date of approval of the Report:*  
**March 16, 2021**

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

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**FINECO. SIMPLIFYING BANKING.**

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## GLOSSARY

<b>Shareholders' Meeting:</b>	Shareholders' Meeting of the Issuer.
<b>Shareholders:</b>	the owners of FinecoBank shares.
<b>Borsa Italiana:</b>	Borsa Italiana S.p.A.
<b>FinecoBank CFO:</b>	the Chief Financial Officer of FinecoBank, as defined in Section 5 of this Report.
<b>Civil Code:</b>	the Italian Civil Code approved by Royal Decree no. 262 of March 16, 1942, as amended.
<b>Code/Corporate Governance Code:</b>	the Corporate Governance Code for listed companies approved in July 2018 by the Corporate Governance Committee and endorsed by Borsa Italiana, ABI, Ania, Assogestioni, Assonime and Confindustria.
<b>New Corporate Governance Code:</b>	the Corporate Governance Code approved in January 2020 by the Corporate Governance Committee and promoted by Borsa Italiana, ABI, Ania, Assogestioni, Assonime and Confindustria, applicable from the first financial year starting after December 31, 2020.
<b>Board of Statutory Auditors:</b>	the Board of Statutory Auditors of the Issuer.
<b>Corporate Governance, Appointments and Sustainability Committee or CGAS Committee:</b>	the board committee established in compliance with Articles 4 and 5 of the Corporate Governance Code and the Supervisory Regulations on Corporate Governance, in office until April 28, 2020.
<b>Corporate Governance and Environmental and Social Sustainability Committee:</b>	the board committee established in compliance with Article 4 of the Corporate Governance Code and the Supervisory Regulations on Corporate Governance, established on April 28, 2020.
<b>Appointments Committee:</b>	the board committee established in compliance with Articles 4 and 5 of the Corporate Governance Code and the Supervisory Regulations on Corporate Governance, established on April 28, 2020.
<b>Remuneration</b>	the board committee established in compliance with Articles 4 and 6 of the Corporate Governance Code and the Supervisory

<b>Committee:</b>	Regulations on Corporate Governance.
<b>Risk and Related Parties Committee:</b>	the board committee established in compliance with Articles 4 and 7 of the Corporate Governance Code and the Supervisory Regulations on Corporate Governance, as well as regulations on related parties and associated persons.
<b>Board/Board of Directors:</b>	the Board of Directors of the Issuer.
<b>Consob:</b>	Commissione Nazionale per le Società e la Borsa (public authority regulating Italian financial markets) with headquarters in Rome, Via G.B. Martini n. 3.
<b>CRD IV Directive:</b>	Directive 2013/36/EU of the European Parliament and of the Council of June 26, 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.
<b>Mifid II Directive</b>	Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014, on markets in financial instruments, enacted on January 3, 2018, and replacing the previous European regulations in this area.
<b>Supervisory Regulations:</b>	the Supervisory regulations for banks contained in Bank of Italy Circular no. 285 of December 17, 2013, and subsequent amendments <sup>1</sup> .
<b>Supervisory Regulations on Corporate Governance:</b>	the Supervisory regulations for banks on organisation and corporate governance as per Bank of Italy Circular no. 285 of December 17, 2013, Part I, Title IV, Chapter 1 and subsequent amendments.
<b>Issuer or FinecoBank or Bank or Company or also Parent Company:</b>	FinecoBank S.p.A., an issuer of securities to whom the Report refers, registered in the Register of Banks and Parent Company of the FinecoBank Banking Group – Banking Group Register no. 3015, with registered office in Piazza Durante 11, Milan, Headquarters in Via Rivoluzione d'Ottobre 16, Reggio Emilia, VAT no. 12962340159, Tax code and Milan-Monza-Brianza-Lodi Companies Register no. 01392970404, Economic and Administrative Index (REA) no. 1598155, member of the National Guarantee Fund and the Interbank Fund for the Protection of Deposits.
<b>Group Entities or</b>	the Italian or foreign companies, directly or indirectly controlled by

(<sup>1</sup>) Update No. 33 of June 23, 2020, added the rules on “*Risk activities and conflicts of interest with associated persons*”, previously contained in Bank of Italy Circular No. 263 of December 27, 2006, to the Supervisory Regulations.

<b>Entities:</b>	FinecoBank, belonging to FinecoBank Banking Group.
<b>Year:</b>	the financial year of reference of the Report.
<b>Fineco Asset Management Designated Activity Company or FAM:</b>	the Irish company wholly owned by FinecoBank and engaged in the management of collective investment undertakings.
<b>GDPR:</b>	EU Regulation 2016/679 of the European Parliament and of the Council of April 27, 2016 (General Data Protection Regulation) on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, repealing Directive 95/46/EC.
<b>Global Policy:</b>	the “ <i>Global Policy for the management of transactions with persons in potential conflict of interest of the FinecoBank Group</i> ”, as described in Paragraphs 4.4.3 and 13 of the Report.
<b>Group or FinecoBank Group:</b>	the group consisting of the Parent Company FinecoBank and its Subsidiaries; currently corresponding to the FinecoBank Banking Group.
<b>FinecoBank Banking Group or Banking Group:</b>	the group consisting of the Parent Company FinecoBank as well as its Entities.
<b>UniCredit Group:</b>	the group consisting of UniCredit and the companies directly or indirectly controlled by UniCredit.
<b>Instructions accompany the Stock Exchange Regulations:</b>	instructions on Regulations for Markets organised and managed by Borsa Italiana, in force at the date of approval of this Report.
<b>MTA:</b>	the main Stock Exchange organised and managed by Borsa Italiana, where FinecoBank shares are also traded.
<b>Paragraph:</b>	the paragraphs of this Report.
<b>Corporate Regulations:</b>	the Regulations approved by the Board of Directors governing the functioning and responsibilities of the Company’s Board of Directors and Board of Statutory Auditors and related information flows, in compliance with laws, regulations and the Articles of Association. The document is available on the Issuer’s website <a href="http://www.finecobank.com">www.finecobank.com</a> (“ <i>Governance/Company Positions</i> ” section).
<b>Stock Exchange Regulations:</b>	the Regulations for Markets organised and managed by Borsa Italiana, approved by the shareholders’ meeting of Borsa Italiana,

	in force at the date of approval of this Report.
<b>Issuer Regulations:</b>	the Regulations issued by Consob with resolution no. 11971 of May 14, 1999 (as amended), on issuers.
<b>Market Regulations:</b>	the Regulations issued by Consob with resolution no. 20249 of December 28, 2017, on markets.
<b>Related-Party Regulations:</b>	the Regulations issued by Consob with resolution no. 17221 of March 12, 2010 (as amended), on related-party transactions.
<b>Report:</b>	this Report on the corporate governance and ownership structures that companies are required to prepare pursuant to Article 123- <i>bis</i> of the TUF.
<b>Subsidiaries:</b>	Italian and foreign companies controlled directly and/or indirectly by FinecoBank, pursuant to Article 2359 of the Civil Code, Article 93 of the TUF and Article 23 of the TUB, whether or not they belong to the Banking Group.
<b>External Auditors:</b>	Deloitte & Touche S.p.A., with registered office in Via Tortona 25, Milan, VAT no. 03049560166, tax code and Milan Companies Register no. 03049560166, Economic and Administrative Index (R.E.A.) no. 1720239, a registered auditor, appointed to independently audit the accounts of the Issuer.
<b>Articles of Association:</b>	the Articles of Association of the Company in force at the date of approval of this Report (available on the Company's <i>website</i> ).
<b>TUB:</b>	Legislative Decree no. 385 of September 1, 1993, as amended (Consolidated Law on Banking).
<b>TUF:</b>	Legislative Decree no. 58 of February 24, 1998, as amended (Consolidated Law on Finance).
<b>UniCredit:</b>	UniCredit S.p.A., with registered office in Milan, Piazza Gae Aulenti no. 3, Tower A, VAT no., tax code and Rome Companies Register of Milan-Monza-Brianza-Lodi no. 00348170101, a registered bank and Parent Company of the UniCredit Banking Group, a registered Banking Group no. 02008.1, a member of the Italian Banking Association code 02008, a member of the Interbank Deposit Guarantee Fund.



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## INTRODUCTION

The Report has been prepared pursuant to Article 123-*bis* of the TUF, in compliance with the “*Format for corporate governance and ownership structure reports*”, VIII edition, January 2019, as well as Supervisory Regulations on Corporate Governance. The information in this Report refers to the 2020 financial year, unless otherwise indicated.

The Report, approved by the Board of Directors of the Company on March 16, 2021, is published at the same time as the Report on Operations on the Issuer’s website (“*Governance*” section) and is available on the website of the authorised storage system managed by Spafid Connect S.p.A. ([www.emarketstorage.com](http://www.emarketstorage.com)).

The Report has been submitted to the External Auditors for its verifications aimed at issuing an opinion of consistency with the financial statement and compliance with law pursuant to Article 123-*bis*, paragraph 4 of the TUF. The results of the work carried out by the External Auditors are contained in its reports, prepared in accordance with Article 14 of Legislative Decree no. 39 of January 27, 2010, and Article 10 of the Regulation (EU) 537/2014, and attached to the 2020 separate and consolidated financial statements of the Company.





## 1. PROFILE OF THE ISSUER

FinecoBank is one of the leading FinTech banks in Europe, founded in 1999 as a digital bank with the aim of simplifying and making investment opportunities accessible. Listed on the FTSE MIB<sup>(2)</sup>, FinecoBank offers a business model that is unique in Europe, combining the best technology with a large network of personal financial advisors. It offers a single platform for all banking, credit, trading and investment services through transactional and advisory functions developed using proprietary technology. FinecoBank provides one of the most widely used brokerage services in Europe and is one of the leading players in Private Banking in Italy, offering advanced and tailor-made advisory services. Since 2017, FinecoBank has also been in the UK with an offering focused on brokerage, banking and investment services. Fineco Asset Management Designated Activity Company (a wholly owned subsidiary of FinecoBank) was founded in Dublin in 2018, with a mission to develop innovative investment solutions in partnership with top international asset managers.

With effect from May 11, 2019, following the sale of the shares held by the former parent company, FinecoBank (formerly subject to management and coordination by UniCredit) has been registered as the “Parent Company” of the FinecoBank Banking Group in the Register of Banking Groups (together with the subsidiary FAM), exercising management and coordination over the Group in accordance with the applicable regulations.

### 1.1. Corporate governance model

The corporate governance system adopted by the Company is based on principles recognised by international best practices as fundamental for good governance: the central role of the Board of Directors, the proper management of conflicts of interest, an effective internal control system and transparency in relations with the market, particularly with regard to reporting on corporate management decisions.

FinecoBank’s overall corporate governance framework has been defined in compliance with current legal and regulatory provisions, also taking into account the recommendations of the Corporate Governance Code. The Company is also subject to the Supervisory Regulations issued by the Bank of Italy and the Supervisory Regulations on Corporate Governance. Pursuant to these regulations, at the date of approval of this Report, FinecoBank is under the direct prudential supervision of the Bank of Italy.

FinecoBank, in its capacity as Parent Company of the FinecoBank Banking Group, in accordance with Article 61 of the TUB and the Supervisory Regulations, issues rules for the companies belonging to the Group in the interest of the Group’s stability. To this end, FinecoBank has drawn up Group Managerial Golden Rules (GMGR) for Corporate Governance, in order to fully perform its management and coordination role, as well as implementing a management system and regulating key processes between the Parent Company and its subsidiaries. In its role as Parent Company, FinecoBank also ensures the coordination of the activities of the subsidiaries through a management system based on the concept of “competence lines”, consisting of the corporate units and functions (both central and local). These competence lines operate transversally across the Parent Company and the Group Companies, with the aim of directing, coordinating and controlling the operations and risks of the Group as a whole.

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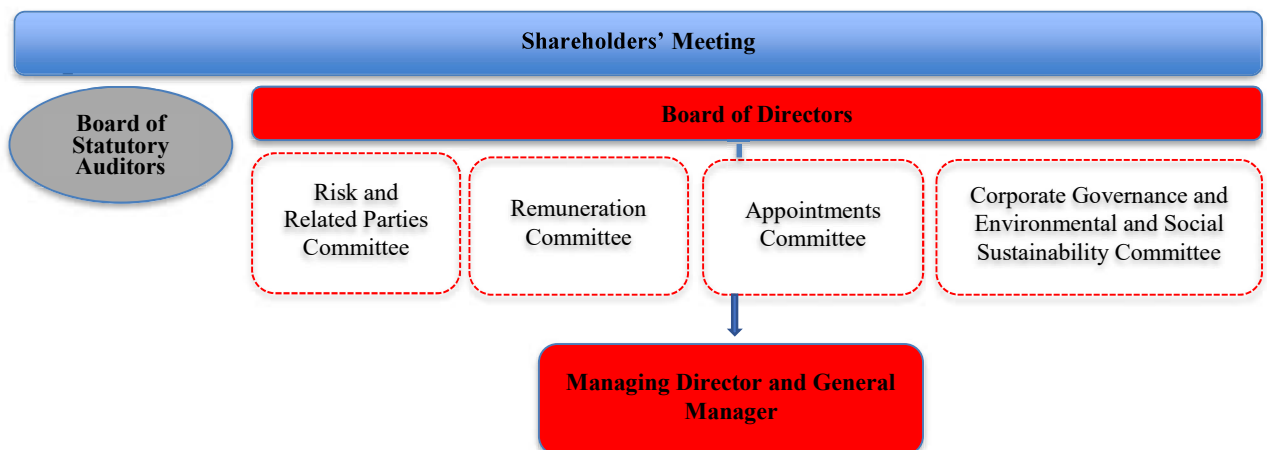
<sup>(2)</sup> FinecoBank was admitted to listing on the MTA on July 2, 2014. Since April 1, 2016, FinecoBank has been included in the FTSE-MIB index and since March 2017 it shares have been included in the *STOXX Europe 600 Index*.

FinecoBank adopts a traditional administration and control system based on two bodies appointed by the Shareholders' Meeting: the Board of Directors, responsible for strategic supervision and company management, and the Board of Statutory Auditors, responsible for overseeing compliance with laws, regulations and the Articles of Association, sound management, and the adequacy of the Bank's organisational and accounting structures. The Managing Director and General Manager performs the role of management body in accordance with the Supervisory Regulations. External auditors are appointed to audit the accounts, in compliance with the applicable regulations.

At the date of approval of this Report, the governance of FinecoBank also included the following Board Committees:

- Risk and Related Parties Committee;
- Remuneration Committee;
- Appointments Committee; and
- Corporate Governance and Environmental and Social Sustainability Committee.

The diagram below illustrates FinecoBank's governance structure:



### 1.1.1 Shareholders' Meeting

The Shareholders' Meeting represents the interests of shareholders as a whole, and – through its decisions – of the company.

The Shareholders' Meeting passes resolutions in ordinary and extraordinary session with the meeting and voting quorums envisaged by law and the Articles of Association, based on the specific matters to be discussed.

The Ordinary Shareholders' Meeting approves the financial statements and resolves on profit distribution. It appoints the Directors, the Statutory Auditors and the External Auditors, setting their remuneration. It also resolves on remuneration and incentive policies and practices envisaged by the applicable regulations.

The Extraordinary Shareholders' Meeting resolves on amendments to the Articles of Association,

capital increases and mergers and demergers.

Holders of voting rights and for whom the Company has received notice from the intermediary holding the relative account, within the deadlines established by applicable laws (record date, the seventh open trading day prior to the date convened for the Meeting) may participate in the Shareholders' Meeting.

*For further information on the Shareholders' Meeting, see Paragraph 17*

### **1.1.2 Board of Directors**

In accordance with the Articles of Association, the **Board of Directors** is the body assigned all the powers, within the framework of the company purpose, that are not expressly assigned to the Shareholders' Meeting according to law or the Articles of Association, and that exclusively oversees the management of the company. For this purpose, the Board of Directors is given full powers for the ordinary and extraordinary management of the Company.

Members of the Board of Directors have the professional standing, integrity and independence required by the Articles of Association and by applicable laws and regulations. They also meet the competence, correctness and dedication of time requirements, as well as complying with the limits on the number of positions held as established by the *pro tempore* applicable regulations and/or the Articles of Association.

As established in the Articles of Association, members of the Board of Directors are appointed by the Shareholders' Meeting for a three-year term of office, save for a shorter term established by the Shareholders' Meeting when making the appointments, based on a list voting system, to guarantee an adequate number of board directors elected by the minority shareholders.

The Board of Directors elects a **Chairman** from its members and, where considered appropriate, one or two **Deputy Chairmen**, one of whom will act as a stand-in. The Chairman and Deputy Chairmen remain in office for the entire duration of the Board. The Board of Directors also appoints a **Secretary**, who is not necessarily a board member. The Board may establish committees or commissions with advisory, decision-making or coordination functions, in compliance with applicable laws and regulations.

The Board of Directors may also appoint a **Managing Director**, establishing the term of office and relative duties and powers, as well as a **General Manager** and one or more **Deputy General Managers**, who constitute the Executive Management. In compliance with the Articles of Association, the Board of Directors of the Company appointed Mr. Alessandro Foti as Managing Director and General Manager of the Bank.

*For further information on the Board of Directors, see Paragraph 4*

### **1.1.3 Board committees**

To promote an efficient information and consultation system in order for the Board of Directors to evaluate issues to the best of its ability, four board committees, with examining, advisory, proposing and coordination functions, were established at the date of approval of this Report, in

compliance with Supervisory Regulations on Corporate Governance and the recommendations of the Corporate Governance Code; more specifically: (i) a **Risk and Related Parties Committee**; (ii) a **Remuneration Committee**; (iii) an **Appointments Committee**; and (iv) a **Corporate Governance and Environmental and Social Sustainability Committee**<sup>(3)</sup>.

*For further information on the Risk and Related Parties Committee, the Remuneration Committee, the Appointments Committee, and the Corporate Governance, Appointments and Sustainability Committee, see Paragraphs 7, 8, 9 and 10 respectively*

#### **1.1.4 Board of Statutory Auditors**

In accordance with FinecoBank's Articles of Association, the **Board of Statutory Auditors** comprises three statutory and two stand-in auditors. Statutory Auditors are appointed by the Shareholders' Meeting based on a list voting system, to ensure that a Statutory Auditor is elected by the minority shareholders, as well as compliance with provisions on gender balance.

The auditors remain in office for three years, they may be re-elected and their term ends on the date of the Shareholders' Meeting called to approve the financial statements for the third year of their appointment. The Board of Statutory Auditors performs the functions assigned to it by law and other applicable regulations. For the entire period while the Company's shares are admitted to trading on a regulated Italian market, the Board of Statutory Auditors also exercises all powers and carries out all duties provided for by special laws; with regard to disclosure in particular, the Directors are required to report on a quarterly basis, pursuant to Article 150 of the TUF, according to the procedures in Article 15 of the Articles of Association. The Board of Statutory Auditors, acting as the "*Internal control and audit committee*", pursuant to Legislative Decree no. 39 of January 27, 2010, carries out all the other activities envisaged by that decree.

The members of the Board of Statutory Auditors meet the requirements of professional standing, integrity and independence laid down by the applicable law and regulations and the Articles of Association. Moreover, they comply with the criteria of competence, correctness and dedication of time and the specific limits on the number of positions held as set out by legislation in force at the time and/or by the Articles of Association. At least two Statutory Auditors and one Stand-in Auditor are registered auditors.

*For further information on the Board of Statutory Auditors, see Paragraph 15*

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<sup>(3)</sup> Up to April 28, 2020, there were three board committees: (i) a Risk and Related Parties Committee; (ii) a Remuneration Committee; and (iii) a Corporate Governance, Appointments and Sustainability Committee. See Section 6 below for more details.



### **1.1.5 External Auditors**

The accounts are audited, in accordance with the applicable legal provisions, by an entity that meets the requirements laid down in the prevailing regulations.

The **External Auditors** represent the external control body responsible for auditing the accounts. In particular, during the year, the External Auditors are required to verify that the company accounts have been properly kept and that the operating events have been correctly recorded in the accounting records, and provide their opinion on the separate and the consolidated financial statements in a specific report.

*For further information on the External Auditors, see Paragraph 12.4*

\* \* \*

The duties and operating procedures of corporate bodies are governed by law, by the Articles of Association and by decisions taken by competent bodies.

For further information on each body and/or entity comprising the Company's governance system, see the specific Paragraphs of this Report.

## 2. INFORMATION ON OWNERSHIP STRUCTURES (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1, TUF)

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

As at December 31, 2020, the share capital, fully subscribed and paid up, amounted to **€201,152,834.19** divided into **609,554,043** ordinary shares with a par value of €0.33 each.

The Board of Directors, partially exercising the authority granted to it pursuant to Article 2443 of the Civil Code by the Extraordinary Shareholders' Meetings of June 5, 2014, April 23, 2015, April 12, 2016, April 11, 2017, April 11, 2018, and April 10, 2019, resolved on February 9, 2021, to increase the share capital, as follows:

- (i) with effect from March 31, 2021, by a nominal amount of €13,878.81, corresponding to 42,057 ordinary shares with a par value of €0.33 each, to service Employee incentive plans ("2015 Group Incentive System" – 6th tranche of the plan and 4th tranche share);
- (ii) with effect from March 31, 2021, by a nominal amount of €10,033.98, corresponding to 30,406 ordinary shares with a par value of €0.33 each, to service Employee incentive plans ("2016 Group Incentive System" – 5th tranche of the plan and 3rd tranche share);
- (iii) with effect from March 31, 2021, by a nominal amount of €9,390.81, corresponding to 28,457 ordinary shares with a par value of €0.33 each, to service Employee incentive plans ("2017 Group Incentive System" – 4th tranche of the plan and 2nd tranche share);
- (iv) with effect from March 31, 2021, by a nominal amount of €25,438.71, corresponding to 77,087 ordinary shares with a par value of €0.33 each, to service Employee incentive plans ("2018 Group Incentive System" – 3rd tranche of the plan and 1st and 2nd tranche share of the severance agreed in 2018 for a member of key management personnel);
- (v) with effect from March 31, 2021, by a nominal amount of €20,820.03, corresponding to 63,091 ordinary shares with a par value of €0.33 each, to service Employee incentive plans ("2019 Group Incentive System" – 2nd tranche of the plan and 1st tranche share);
- (vi) with effect from March 31, 2021, by a nominal amount of €34,527.57, corresponding to 104,629 ordinary shares with a par value of €0.33 each, to service Employee incentive plans ("2018-2020 LTI" – 1st tranche of the plan).

The ordinary shares are registered and are admitted for trading on the MTA. No further categories of shares, equity-based instruments, convertible or exchangeable bonds have been issued.

Shares are indivisible and joint ownership is governed by law.

The shares are not subject to any privileges or constraints. There are no shares reserved for issue under option and sales contracts.

Each ordinary share carries the right to one vote in ordinary and extraordinary Shareholders' Meetings. Ordinary shares have administrative and equity rights and obligations in accordance with law.

For equity-based incentive plans, which involve free share capital increases approved by the Shareholders' Meeting, see the related prospectuses drawn up in accordance with Article 84-bis

of the Consob Issuer Regulations <sup>(4)</sup>, as well as the Remuneration Report prepared in accordance with Article 84-quater of the Consob Issuer Regulations <sup>(5)</sup>.

**b) Restrictions on the transfer of securities (pursuant to Article 123-bis, paragraph 1, letter b) of the TUF)**

As at the date of approval of this Report, there were no restrictions on the transfer of securities.

**c) Significant holdings in capital (pursuant to Article 123-bis, paragraph 1, letter c), of the TUF)**

Based on entries in the Shareholders' Register and notices received in accordance with Article 120 of the TUF, as well as other information available to the Company, the direct or indirect significant holdings in the share capital as at December 31, 2020, are detailed below.

The table does not include entities that are exempt from the disclosure requirements pursuant to Article 119-bis of the Issuer Regulations.

Declarer or entity at the top of the ownership chain	Direct shareholder	No. of ordinary shares (*)	% Share of ordinary capital as at 12/31/2020	% Share of voting capital
BlackRock Inc.	Blackrock Netherlands B.V.	66,745	0.011%	0.011%
	Blackrock Singapore Limited	4,437	0.001%	0.001%
	BlackRock Advisors (UK) Limited	3,401,565	0.558%	0.558%
	Blackrock Advisors, LLC	1,088,080	0.179%	0.179%
	BlackRock Asset Management Canada Limited	368,671	0.060%	0.060%
	BlackRock Asset Management Deutschland AG	2,236,030	0.367%	0.367%
	BlackRock Asset Management North Asia Limited	4,810	0.001%	0.001%
	BlackRock Financial Management, Inc.	35,666	0.006%	0.006%
	BlackRock Fund Advisors	6,796,886	1.115%	1.115%
	BlackRock Institutional Trust Company	7,168,126	1.176%	1.176%
	BlackRock International Limited	462,749	0.076%	0.076%
	BlackRock Investment Management (Australia) Limited	151,463	0.025%	0.025%
	BlackRock Investment Management (UK) Limited	30,989,149	5.084%	5.084%

<sup>(4)</sup> Information documents are available at the FinecoBank's website:

[www.finecobank.com](http://www.finecobank.com) – “Corporate/Shareholders' Meeting” section.

<sup>(5)</sup> The Report on Remuneration is available at FinecoBank's website at: [www.finecobank.com](http://www.finecobank.com) – “Corporate/Shareholders' Meeting” section. Moreover, the information pursuant to Article 84-quater is provided in Annex 1 to the “Remuneration Policy and Report of the FinecoBank Group”, available at FinecoBank's website: [www.finecobank.com](http://www.finecobank.com) – “Corporate/Shareholders' Meeting” section.

	BlackRock Investment Management, LLC	716,991	0.118%	0.118%
	BlackRock Japan Co., Ltd	284,956	0.047%	0.047%
	<b>Total</b>	<b>53,776,324</b>	<b>8.822%</b>	<b>8.822%</b>
Capital Research and Management Company	Capital Research and Management Company	30,738,447	5.043%	5.043%
	<b>Total</b>	<b>30,738,447</b>	<b>5.043%</b>	<b>5.043%</b>
FMR LLC	Fidelity Management & Research Company LLC	18,272,841	2.998%	2.998%
	FIAM LLC	289,427	0.047%	0.047%
	Fidelity Institutional Asset Management Trust Company	2,023,096	0.332%	0.332%
	<b>Total</b>	<b>20,585,364</b>	<b>3.377%</b>	<b>3.377%</b>

(\*) Type of possession: non-discretionary asset management.

**d) Securities conferring special rights (pursuant to Article 123-bis, paragraph 1, letter d), of the TUF)**

At the date of approval of this Report, FinecoBank had not issued any shares conferring special control rights, nor adopted article of association provisions allowing multiple or increased voting rights.

**e) Employee Shareholdings: mechanism for exercising voting rights (pursuant to Article 123-bis, paragraph 1, letter e), of the TUF)**

There is no employee share ownership scheme in which voting rights are exercised by representatives of the employees.

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

There are no restrictions on voting rights.

**g) Shareholder agreements (pursuant to Article 123-bis, paragraph 1, letter g), of the TUF)**

The Issuer is not aware of any shareholder agreements pursuant to Article 122 of the TUF.

**h) Change of control clauses (pursuant to Article 123-bis, paragraph 1, letter h), of the TUF) and articles of association provisions on takeover bids (pursuant to Article 104, paragraph 1-ter, and 104-bis, paragraph 1, of the TUF)**

With the exception of the agreements signed as part of the so called smooth transition, aimed at governing relations between FinecoBank and UniCredit following FinecoBank's exit from the UniCredit Group, the Company has not entered into any significant agreements that become effective, are amended or terminate in the event of a change of control of the contracting company <sup>(6)</sup>.

Details of the change of control provisions contained in the above agreements, signed as part of the smooth transition, are provided in the "*Information document relating to significant*

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<sup>(6)</sup> FAM has not entered into any agreements that qualify as significant pursuant to Article 123-bis, paragraph 1, letter h) of the TUF.



*transactions with related parties between FinecoBank S.p.A. and UniCredit S.p.A.” prepared by the Company pursuant to Article 5 and in accordance with the format in Annex 4 of the Related Parties Regulation, published on the Bank’s website ([www.finecobank.com](http://www.finecobank.com) “Governance/Related Parties and Associated Persons”).*

\* \* \*

The Bank’s Articles of Association do not allow for any exceptions to the provisions concerning the passivity rule pursuant to Art. 104, paragraphs 1 and 1-*bis* of the TUF, nor do they envisage application of the neutralisation rules laid down in Art. 104-*bis*, paragraphs 2 and 3 of the TUF.

**i) Delegated powers to increase share capital and authorisation to purchase treasury shares (pursuant to Article 123-*bis*, paragraph 1, letter m), of the TUF)**

The Board of Directors has been authorised by the Extraordinary Shareholders’ Meeting to carry out free increases in share capital, aimed at implementing the incentive plans for Bank personnel as “identified staff”. The Board of Directors has not been assigned the power to issue equity-based financial instruments.

On April 12, 2016, the Shareholders’ Meeting, upon proposal from the Board of Directors, authorised the purchase and disposal of 250,000 treasury shares in favour of FinecoBank network managers and personal financial advisors identified as key personnel.

On April 11, 2017, the Shareholders’ Meeting, upon proposal from the Board of Directors, authorised the purchase and disposal of 346,000 treasury shares to service the 2017 incentive system for FinecoBank personal financial advisors identified as key personnel.

On April 11, 2018, the Shareholders’ Meeting, upon proposal from the Board of Directors, authorised the purchase and disposal of 297,620 treasury shares to service the 2018 incentive system for FinecoBank personal financial advisors identified as key personnel.

On April 10, 2019, the Shareholders’ Meeting, upon proposal from the Board of Directors, authorised the purchase and disposal of maximum 179,534 treasury shares to service the 2019 incentive system for FinecoBank personal financial advisors identified as key personnel.

On April 28, 2020, the Shareholders’ Meeting, upon proposal from the Board of Directors, authorised the purchase and disposal of a maximum of 235,516 treasury shares to service the 2020 incentive system for FinecoBank personal financial advisors identified as key personnel.

On January 19, 2021, the Board of Directors resolved to submit a proposal to the Shareholders’ Meeting convened to approve the 2020 Financial Statements, for the authorisation of the purchase and disposal of a maximum of 203,773 treasury shares to service the 2021 incentive system for FinecoBank personal financial advisors identified as key personnel.

As at December 31, 2020, the Company held 119,934 treasury shares corresponding to 0.02% of the share capital.

**l) Management and coordination (pursuant to Article 2497 and following of the Civil Code)**

As at the date of approval of this Report, FinecoBank was not subject to any management and coordination pursuant to Article 2497 and following of the Civil Code.

\* \* \*

The information required by Article 123-*bis*, paragraph 1, letter i) of the TUF is contained in the

Report on remuneration policy and compensation paid, published in accordance with Article 123-ter of the TUF <sup>(7)</sup>.

\* \* \*

The information required by Article 123-bis, paragraph 1, letter l) of the TUF regarding the appointment and replacement of directors is given in the Section of this Report concerning the Board of Directors (Section 4.1).

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

Since its listing, FinecoBank has adhered to the Corporate Governance Code, aligning conduct to the principles contained therein, where applicable. The Code is aligned with the main international practice and sets out the corporate governance standards (based on transparency, accountability and a long-term perspective) and best practices recommended by the Corporate Governance Committee, which apply to the listed companies based on the “comply or explain” principle. According to that principle, all companies are required to provide an explanation in the Report on the corporate governance and ownership structures of the reason for not complying with any recommendations of the Code.

The Code is available on the Corporate Governance Committee’s website, at: <https://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/codice2018clean.pdf>.

A new version of the Corporate Governance Code, approved by the Corporate Governance Committee for listed companies was published on January 31, 2020. The companies that adopt the Code shall apply this new version from the first financial year after December 31, 2020, advising the public of this in the corporate governance report to be published during 2022<sup>(8)</sup>. On December 15, 2020, the Board of Directors of FinecoBank resolved to adopt the Corporate Governance Code, with effect from January 1, 2021. For the purposes of alignment to the new Code, on the same date and with the same effective date, the Board approved an updated version of the Corporate Bodies Regulations. As required by the Corporate Governance Code, these amendments will be reported in the Corporate Governance Report for the year 2021. The new Corporate Bodies Regulations are available on the Issuer’s website [www.finecobank.com](http://www.finecobank.com) (“*Governance/Company Positions*” section).

For additional information on the corporate governance structure of FinecoBank, in addition to specific Paragraphs of this Report, see the Company’s website, where the Report is published together with financial information, data and documents of interest to shareholders.

\* \* \*

The Issuer is not subject to provisions of law outside Italy that affect its corporate governance structure <sup>(9)</sup>.

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<sup>(7)</sup> The Report on Remuneration is available at FinecoBank’s website at: [www.finecobank.com](http://www.finecobank.com) – “*Corporate/Shareholders’ Meeting*” section.

<sup>(8)</sup> The new Corporate Governance Code is available at the following link: <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>.

<sup>(9)</sup> The legal provisions FAM is subject to do not affect the Issuer’s governance structure.

#### 4. BOARD OF DIRECTORS

##### 4.1 Appointment and replacement (pursuant to Article 123-bis, paragraph 1, letter l), of the TUF)

In 2019, the Board of Directors, with the support of the former Corporate Governance, Appointments and Sustainability Committee, approved a number of proposals to revise its corporate governance to align it to the new shareholding structure of the Bank following its exit from the UniCredit Group and acquisition of the role of “Parent Company” of the “Banking Group”.

In addition to further strengthening the requirements of the Bank’s corporate officers, in line with Italian legislation and current practice, the Board of Directors has been empowered to submit its own list of candidates for the position of director, when the Board is re-elected.

This amendment complies with the provisions of the Corporate Governance Code and is in line with international best practice.

In this context, the participation and representation of the minority shareholders have been extended. Specifically, the list that comes second in terms of number of votes will be assigned two Directors, while the list that comes third in terms of number of votes will be assigned on a Director provided he/she has received at least 2% of the votes cast at the meeting.

The proposals to amend the Articles of Association, for which the Bank of Italy issued the related verification confirmation on December 10, 2019, pursuant to Articles 56 and 61 of the TUB, were unanimously approved by the Extraordinary Shareholders’ Meeting of February 18, 2020.

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In compliance with laws and regulations applicable to listed companies, following the amendments of the Articles of Association approved by the Extraordinary Shareholders’ Meeting of February 18, 2020, Article 13 of the Articles of Association requires the Board of Directors to be appointed by the Shareholders’ Meeting, based on lists of candidates submitted by the Board of Directors and the Shareholders, with each list containing the names of candidates numbered sequentially, according to the procedure described below.

The Board of Directors and the Shareholders can submit a list for the appointment of Directors, provided that when they submit the list they hold, alone or together with the other submitting shareholders, at least the minimum shareholding established by Consob pursuant to Article 147-ter, paragraph 1, of the TUF and in compliance with relevant provisions in the Issuer Regulations. Consob, in its Executive Resolution by the Head of the Corporate Governance Division no. 44 of January 29, 2021, set the minimum shareholding required for FinecoBank to submit lists of candidates for election to the Board of Directors and Board of Statutory Auditors at 1% of share capital. For the submission of the list by the Shareholders, the ownership of the minimum shareholding required is calculated based on the shares registered for each shareholder on the day when the lists are filed at the Company. The related certification may be submitted after the lists have been filed, provided it is done within the deadline for publication of the lists.

Each party entitled (as well as *(i)* entitled parties belonging to the same group, understood as a party, which need not be a corporation, exercising control pursuant to Article 2359 of the Civil

Code and any subsidiary controlled by, or under the control of that party, or *(ii)* shareholders who are party to a shareholders' agreement pursuant to Article 122 of the TUF, or *(iii)* entitled parties that are otherwise associated with each other in a material relationship pursuant to current and applicable legal or regulatory provisions may, individually or with others, submit only one list, and each candidate can be included in only one list, or otherwise be considered ineligible.

Each list that has 3 (three) or more candidates *(i)* must include candidates from both genders, to ensure compliance with at least the minimum requirements of applicable laws and regulations on gender balance and *(ii)* must ensure that at least the majority of the candidates meet the independence requirements set out in the Articles of Association and, in any event, that the first candidate on any list, including lists with fewer than 3 (three) candidates, must meet those independence requirements.

Following the amendments to the Article 147-*ter* of the TUF introduced by the 2020 Italian Budget Law, at least two-fifths of the members of the Board of Directors must belong to the less represented gender.

The lists shall be filed at the registered office or head office – also by remote communication and in accordance with procedures in the notice of call, to enable the identification of parties submitting the list – at least twenty-five days before the date of the Shareholders' Meeting called to appoint members of the Board of Directors, in single call (or within the different deadline as indicated from time to time by the applicable legislation). The Company shall ensure that lists are made available to the public on the Company's website and by other means specified by the applicable regulations, at least twenty-one days prior to the above Shareholders' Meeting, in single call or on first call (or within the different deadline as indicated from time to time by the applicable legislation). The list submitted by the Board of Directors must be filed at the registered office and published in the manner described above at least thirty days before the date set for the Shareholders' Meeting.

The lists must also contain attachments with any additional documents and declarations required by the applicable laws and regulations, as well as:

- for Shareholders, information on the identity of parties submitting the lists, indicating the total percentage of shares held;
- information on the personal and professional characteristics of the candidates in the list;
- a statement whereby individual candidates irrevocably accept the position (subject to their appointment) and certify, under their responsibility, that there are no grounds for their ineligibility or incompatibility to stand as candidate, and that they meet the requirements for the office laid down by the Articles of Association and applicable laws and regulations and the possession of the independence requirements referred to in paragraph 3 of Article 13, where applicable, according to a format that will be made public by the Company in advance, also taking into account the guidelines from the Supervisory Authorities.

Lists that do not comply with the above requirements shall be considered as not submitted.

Each eligible voter may vote for one list only.

After the vote, candidates are elected from lists that have obtained the largest number of votes, according to the following criteria:

- (a) the number of Directors equal to the number of board members shall be taken – in the order in which they appear on the list – from the list receiving the majority of votes cast except, depending on the case, 2 (two) or 3 (three) that will be taken from the minority list(s) that

are not connected with those who submitted or voted for the list that obtained the highest number of votes in accordance with the current regulations, as specified below:

- a.1) if only two lists are submitted, the remaining 2 (two) Directors will be taken in consecutive order from the second list that received the highest number of votes at the meeting,
- a.2) if 3 (three) or more lists are submitted, 2 (two) Directors will be taken in sequential order from the second list that obtained the highest number of votes at the meeting regardless of the percentage of votes received, while 1 (one) Director will be taken in sequential order from the third list that received the highest number of votes at the meeting provided that it received at least 2% of the votes cast at the meeting, on the understanding that if the list that is third in terms of number of votes has not reached that percentage the mechanism envisaged in letter a.1) above will be applied;
- (b) if the majority list does not have a sufficient number of candidates to ensure the appointment of all Directors according to the mechanism specified in (a) above, all the candidates from the majority list shall be appointed and the remaining Directors shall be taken from the minority list that received the most votes, according to the sequential order in which they appear on the list and, if necessary, from the next minority lists below the most voted minority list, in the sequential order in which the candidates appear on the list, until the required number of directors has been appointed;
- (c) if the number of candidates included in the lists submitted, both majority and minority, is lower than the number of Directors to be elected, the remaining Directors are elected by resolution passed by the Shareholders' Meeting by a relative majority (and therefore without taking into account any abstentions) while ensuring compliance with the principles of independence and balance between the genders set out by Article 13, paragraph 3, and Article 13, paragraph 6, respectively of the Articles of Association. In the event of a tie between candidates, the shareholders' meeting shall hold a second round of voting;
- (d) where only one, or no lists have been submitted, the Shareholders' Meeting shall decide in accordance with the procedures specified in letter (c) above; in the event of a tie between lists or candidates, the shareholders' meeting shall hold a second round of voting to establish their ranking;
- (e) if the required number of independent directors and/or of directors of the less represented gender is not appointed, the Directors of the most voted list and appearing first on the list and not satisfying the requirements in question are replaced by the next directors from the same list satisfying the requirement(s). If, following the application of this criterion, it is still not possible to identify Directors with the above-mentioned characteristics, this principle shall be applied to the other minority lists that the elected candidates were taken from;
- (f) if, following the application of the replacement criterion set out in (e), it is still not possible to identify any suitable directors, the shareholders' meeting shall decide by relative majority. In this case, replacements shall be made starting from the most voted lists and from the candidates appearing first on the list.

In the event of death, resignation, withdrawal or removal from office of a Director for any other reason, or where a Director no longer meets the professional competence and integrity requirements, the Board of Directors can co-opt a Director, in compliance with the principles of minority representation and gender equality. If, in the above cases, the minimum number of



independent Directors and/or the number of Directors belonging to the least represented gender as prescribed, respectively, by Article 13, paragraphs 3 and 6, of the Articles of Association fall below the level required, the Board of Directors shall replace them.

For the appointment of Directors needed to fill vacancies on the Board of Directors, the Shareholders' Meeting shall decide by relative majority, while ensuring that the principles of independence and gender equality established by current law, regulations and the Articles of Association are met.

The Board of Directors shall elect a Chairman from among its members and – where appropriate – one or more Deputy Chairmen, one of which will act as a stand-in.

In compliance with applicable industry sector legislation and regulations, the Board of Directors defines the optimal number and type of directors to effectively carry out its duties and oversee its responsibilities assigned by law, the Supervisory Regulations on Corporate Governance and the Articles of Association. In accordance with applicable legislation and regulations, the Board also establishes requirements applicable to FinecoBank's Directors and provides guidance on the maximum number of positions that the Directors may hold in other companies.

Before appointing directors, the Board informs shareholders of the optimal composition of the management body, to ensure candidates are selected taking into account the professional competencies required. Shareholders may in any case make their own evaluations of the optimal composition of the management body, and submit candidate proposals, giving reasons for any differences from evaluations made by the Board.

For the related decisions, see the Qualitative/Quantitative Profile in force.

### ***Succession Plans***

FinecoBank is increasingly investing in the development of a sustainable leadership pipeline starting with top and middle management positions and key staff, in order to create internal growth opportunities and specific programmes for enhancing and strengthening leadership skills of its managers, in addition to promoting diversity & inclusion to create a fair and inclusive environment.

These succession plans are submitted annually for approval to the Board of Directors by the Human Resources department, after being approved by the Appointments Committee. On December 15, 2020, the Board of Directors approved the latest proposal regarding the succession plan for the Managing Director and General Manager, the key management personnel and other senior staff of the Bank, in which the professional competencies and expertise required for possible candidates are established.

In particular, with regard to the position of Managing Director and General Manager, successor candidates have been identified both for the short term, which also coincides with the contingency plan, and for the medium to long term.

The succession of the Managing Director and General Manager can be managed either through the selection of internal or external candidates, based on the optimal qualitative/quantitative profile for the position.

In accordance with the internal regulations, a leading international head hunting firm is also involved in the selection of the Managing Director and General Manager, operating in accordance with international best practice. A similar procedure, as set out in the specific process defined in

the Corporate Bodies Regulations, is adopted for the selection of the Chairman of the Board of Directors.

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

Pursuant to Article 13 of the Articles of Association, as amended by the Extraordinary Shareholders' Meeting of February 18, 2020, the Company is managed by a Board of Directors comprising a minimum of 9 (nine) and a maximum of 13 (thirteen) Directors, elected by the Shareholders' Meeting. The Shareholders' Meeting also determine its term of office, subject to the condition that said term cannot be less than one year or more than three years from acceptance of the position and shall expire on the date of the Shareholders' Meeting called for the approval of the financial statements for the last year of office. Members of the Board of Directors may be re-elected.

According to the Corporate Bodies Regulations, the number of Board Directors must be sufficient for the size and complexity of the Bank's organisational structure, and allow for the oversight of all company operations, with regard to management and controls. This number must also ensure that the Board includes (i) various representatives of the shareholder base, (ii) the professional expertise necessary to foster internal dialogue, and (iii) a sufficient number of independent members in accordance with the Corporate Governance Code. Lastly, the composition of the Board must be gender balanced.

To ensure its proper functioning, the Board of Directors has established requirements for FinecoBank's Directors, in addition to the requirements of the applicable laws and regulations, and the number of positions that directors can hold in other companies, as detailed in the document "*Qualitative and Quantitative Composition of the Board of Directors of FinecoBank S.p.A.*" (approved by the Board of Directors on February 25, 2020), published on the Company's website (the "**2020 Qualitative/Quantitative Profile**").

Subject to the limits on the number of positions that directors can hold, directors can accept a position on the Board when they consider they have sufficient time to diligently carry out their duties, also taking into account their own work and professional commitments, as well as the number of positions held in other companies (including non-Italian firms).

The members of the Board must be suitable for the performance of the office, in accordance with the applicable regulations and the Articles of Association and, in particular, they must meet the requirements of professional expertise, integrity and independence and comply with the criteria of competence, correctness and dedication of time and the specific limits on the number of positions held laid down in the applicable regulations and the Articles of Association and in any event those laid down in the CRD IV Directive, for the discharge of the duties of director of a bank issuing shares listed on regulated markets.

Pursuant to Article 13, paragraph 3 of the Articles of Association (as amended by the Extraordinary Shareholders' Meeting of February 18, 2020), the majority of the Board members must meet the independence requirements established in the Corporate Governance Code.

The Board shall assess whether the independence requirements have been met, giving more importance to substance rather than form. This assessment shall be performed:

- (i) after appointment, for a new Director who qualifies as independent; and
- (ii) annually, for all Directors (qualifying as independent).

For this purpose, the Board of Directors, based on the statements provided and any other information available, examine the Director's direct or indirect commercial, financial or professional relationships with the Company, assesses their significance both in absolute terms and with regard to the economic and financial position of the individual concerned. The Board of Statutory Auditors verifies the correct application of the criteria and procedures adopted by the Board of Directors for the above-mentioned assessment. The results of the above assessments are disclosed to the market.

The Board of Directors in office as at the date of this Report was appointed by the Shareholders' Meeting of April 28, 2020, and shall remain in office until the next Shareholders' Meeting called for the approval of the Financial Statements as at December 31, 2022.

Accordingly, and in compliance with Supervisory Regulations on Corporate Governance, the appointment of Board members was proposed to the above-mentioned Shareholders' Meeting held in April 2020, after determining the number of members and their term of office. During the meeting, the Board of Directors also requested shareholders to take into account the 2020 Qualitative/Quantitative Profile when submitting their lists.

In compliance with the applicable regulations, the following lists of candidates for appointment to the Board of Directors were submitted:

- List 1 submitted by the outgoing Board of Directors (pursuant to Article 13 of the Articles of Association) with the candidates Marco Mangiagalli, Alessandro Foti, Francesco Saita, Paola Giannotti De Ponti, Patrizia Albano, Gianmarco Montanari, Maria Alessandra Zunino de Pignier, Andrea Zappia and Giancarla Branda, Donato Pinto and Laura Donnini;
- List 2, submitted by several asset management companies and institutional investors (owners of a total of 17,980,964 ordinary shares representing 2.95091% of the share capital), with the candidates Elena Biffi and Marin Gueorguiev.

The following documents were filed and published along with the two lists, in the manner required:

- (i) a statement from shareholders other than shareholders that hold, also jointly, a controlling or relative majority interest, certifying the absence of any connection and/or significant relations with the latter as provided for by Article 147-ter, paragraph 3 of the TUF and Article 144-quinquies of the Issuer Regulations, having also taken note of the Consob recommendations in its Communication no. DEM/9017893 of February 26, 2009;
- (ii) comprehensive information on the personal and professional characteristics of the candidates included in the list (curriculum vitae and the list of administration, management and control positions they hold in other companies, relevant under law);
- (iii) statements whereby individual candidates irrevocably accepted the position (subject to their appointment) and certified, under their responsibility, that there were no grounds for their ineligibility or incompatibility to stand as a candidate, and that they met the requirements of applicable laws, regulatory provisions, the Articles of Association and the Corporate Governance Code;
- (iv) a statement from each candidate certifying that they met the independence requirements established by law, the Articles of Association and the Corporate Governance Code;
- (v) a statement from each candidate on their knowledge and expertise in the areas indicated in the 2020 Qualitative/Quantitative Profile.

The lists, together with the above documents, were filed on the Company's website



(“*Governance/Shareholders’ Meetings*” section).

After establishing the number of Board Directors as 11, the Shareholders’ Meeting of April 28, 2020, appointed Directors for the 2020-2022 period as follows:

- from the list submitted by the outgoing Board of Directors, which obtained the majority of votes: Marco Mangiagalli, Alessandro Foti, Francesco Saita, Paola Giannotti De Ponti, Patrizia Albano, Gianmarco Montanari, Maria Alessandra Zunino de Pignier, Andrea Zappia and Giancarla Branda;
- from the list submitted by several asset management companies and institutional investors, which was voted by the minority of shareholders: Elena Biffi and Marin Gueorguiev.

For the percentage of votes for the above lists in relation to voting capital, see the summary report on voting, available on the Company’s website (“*Governance/Shareholders’ Meeting*” section).

The qualitative and quantitative composition of the appointed Board complied with the optimal composition defined by the Board (as described in the 2020 Qualitative/Quantitative Profile), in terms of: (i) the number of board members, optimally set by the Board as 11, in order to foster dialogue and promote the decision-making process, and which is sufficient with respect to the size and complexity of the Company’s organisational structure and for effective oversight of all company operations; (ii) meeting requirements of integrity, professional expertise (in particular all Board members have a good knowledge and experience in two or more of the areas listed) and independence (the majority of Board members are independent directors in accordance with the Corporate Governance Code); (iii) gender balance (at least two fifths of members on the board must comprise the least represented gender, as established by the legislation and regulations applicable to the management bodies of listed companies); (iv) complying with the limit on positions (no Board Directors exceed the limit) and time available (based on the nature and extent of additional positions held, as well as various professional and work commitments)<sup>(10)</sup>. For details of the personal and professional profile of each Director, see the information published on FinecoBank’s website ([www.finecobank.com](http://www.finecobank.com), “*Governance*” section).

On February 9, 2021, the independent non-executive Director Mr. Andrea Zappia resigned with effect from March 1, 2021.

On March 16, 2021, the Board of Directors replaced the abovementioned Director by co-optation pursuant to Article 2386 of the Civil Code with Ms. Alessandra Pasini, subject to the favourable opinion of the Appointments Committee and the approval of the Board of Statutory Auditors.

The new Director was selected in accordance with the “*Process for Selecting Candidates for the Office of Chairman, Managing Director Member of the Board of Directors*”, approved by the Board on August 5, 2019, and updated on March 16, 2021 (available on the Bank’s website in Annex B to the Corporate Bodies Regulations), in which the Appointments Committee played a central role and which was supported by consultancy firm Egon Zehnder. Ms. Alessandra Pasini was selected, on the proposal of the aforementioned Committee, in compliance with the necessary requirements and in line with the criteria identified by the Board in the 2020 Qualitative/Quantitative Profile, updated on March 16, 2021, to take account of the recent board review, and the entry into force of Decree no. 169 of November 23, 2020, of the Ministry of Economy and Finance on the requirements for bank corporate officers, as well as the Fit & Proper Policy approved by the Board also on March 16, 2021.

The table below provides the relevant information on each Board member in office as at the date

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<sup>(10)</sup> See the description provided in Section 4.2.1. below.

of approval of this Report.

Position	Members	Born in	Date of first appointment *	In office since	In office until	List **	Exec. ( <sup>1</sup> )	Non-Exec.	Indep. code ( <sup>2</sup> )	Indep. TUF ( <sup>3</sup> )	( <sup>4</sup> )	Number of other positions ***
Chairman	Marco Mangiagalli	1949	04/28/2020	04/28/2020	Approval of the Financial Statements as at 12/31/2022	M		X	X( <sup>1</sup> )	X	9/9 (100%)	1
Deputy Chairman	Francesco Saita	1967	04/15/2014	04/28/2020	Approval of the Financial Statements as at 12/31/2022	M		X	X	X	9/9 (100%)	0
Managing Director and General Manager	Alessandro Foti	1960	10/20/1999	04/28/2020	Approval of the Financial Statements as at 12/31/2022	M	X				9/9 (100%)	0
Director	Paola Giannotti De Ponti	1962	04/28/2020	04/28/2020	Approval of the Financial Statements as at 12/31/2022	M		X	X	X	9/9 (100%)	2
Director	Patrizia Albano	1953	04/11/2017	04/28/2020	Approval of the Financial Statements as at 12/31/2022	M		X	X	X	9/9 (100%)	1
Director	Gianmarco Montanari	1972	04/11/2017	04/28/2020	Approval of the Financial Statements as at 12/31/2022	M		X	X	X	9/9 (100%)	0
Director	Maria Alessandra Zunino de Pignier	1952	04/28/2020	04/28/2020	Approval of the Financial Statements as at 12/31/2022	M		X	X	X	9/9 (100%)	0
Director	<del>Andrea Zappia</del>	1963	<del>15/01/2020</del> (co-opted by Board) February 18, 2020 (appointed by the Shareholders Meeting)	04/28/2020	<del>March 1, 2021</del>	<del>M</del>		<del>X</del>	<del>X</del>	<del>X</del>	<del>7/9</del> (80%)	<del>2</del>
Director	Giancarla Branda	1961	04/28/2020	04/28/2020	Approval of the Financial Statements as at 12/31/2022	M		X	X	X	9/9 (100%)	1
Director	Elena Biffi	1966	04/11/2017	04/28/2020	Approval of the Financial Statements as at 12/31/2022	m		X	X	X	9/9 (100%)	1
Director	Marin Gueorguiev	1972	04/28/2020	04/28/2020	Approval of the Financial Statements as at 12/31/2022	m		X	X	X	9/9 (100%)	0
Director	Alessandra	1973	16.03.2021	16.03.2021	Approval of the Financial	n.a		X	X	X	n.a	0

<sup>11</sup> In accordance with the new guidelines in the Corporate Governance Code, the chairman of the management body may be considered independent if none of the circumstances that compromise (or appear to compromise) the independence of a director set out in Recommendation 7 of that Code apply.

Pasini	(co-opted by the Board of Directors)	Statements as at 12/31/2020								
----- Directors leaving office during the Year -----										
No Directors left office during the Year. However, in the first quarter of 2021, Mr. Andrea Zappia resigned from his position as independent non-executive director of FinecoBank (see the commentary in this Section for more details).										
<b>Quorum required for the submission of lists for the last appointment: 1%</b>										
<p>* The date of the first appointment of each Director means the date when the Director was appointed for the first time (ever) to the Board of Directors of the Company.</p> <p>** This column indicates the list that each director was taken from (“M”: member from the majority list; “m”: member from the minority list).</p> <p>*** Number of positions as Director or Statutory Auditor held in other companies listed on regulated markets, also abroad, in financial, banking or insurance companies, or large-sized companies (see Section 4.2.1 below, listing companies with reference to each Director).</p> <p>(<sup>1</sup>) Independent Director according to Corporate Governance Code.</p> <p>(<sup>2</sup>) Independent Director in accordance with Article 3 of the Corporate Governance Code.</p> <p>(<sup>3</sup>) Independent Director in accordance with Article 148, paragraph 3 of the TUF.</p> <p>(*) Percentage attendance at Board meetings (no. of attendances/no. of meetings held during the actual period of office of the person concerned during the Year).</p>										

### ***Composition of the Board of Directors in office up to the Shareholders’ Meeting of April 28, 2020***

As specified above, the Shareholders’ Meeting of April 28, 2020, appointed the new Board of Directors of FinecoBank, replacing the Board appointed by the Shareholders’ Meeting of April 11, 2017.

In compliance with Supervisory Regulations on Corporate Governance, the appointment of the Board members was proposed to the above-mentioned Shareholders’ Meeting held in April 2017, after determining the number of members and their term of office. At that time, the Board of Directors asked the shareholders, when submitting the lists, to consider the requirements the FinecoBank’s Directors need to meet, in addition to the requirements of applicable laws and regulations, and the number of positions directors can hold in other companies, as detailed in the document “*Qualitative and Quantitative Composition of the Board of Directors of FinecoBank S.p.A.*” approved by the Board of Directors on February 7, 2017 (the “**2017 Qualitative/Quantitative Profile**”).

The following lists of candidates for appointment to the Board of Directors were then submitted:

- List 1, submitted by UniCredit (owner of a total of 215,066,403 ordinary shares representing 35.39% of the share capital), with the candidates Enrico Cotta Ramusino, Alessandro Foti, Francesco Saita, Manuela D’Onofrio, Maria Chiara Malaguti, Gianmarco Montanari and Patrizia Albano;
- List 2, submitted by several asset management companies and institutional investors (owners of a total of 16,347,439 ordinary shares representing 2.6901% of the share capital), with the candidates Elena Biffi and Maurizio Santacroce.

The following documents were filed and published along with the two lists, according to established times and procedures:

- (i) a statement from shareholders other than shareholders that hold, also jointly, a controlling or relative majority interest, certifying the absence of any connection and/or significant relations with the latter as provided for by Article 147-ter, paragraph 3 of the TUF and Article

144-*quinquies* of the Issuer Regulations, having also taken note of the Consob recommendations in its Communication no. DEM/9017893 of February 26, 2009;

- (ii) comprehensive information on the personal and professional characteristics of the candidates included in the list (curriculum vitae and the list of administration, management and control positions they hold in other companies, relevant under law);
- (iii) statements whereby individual candidates irrevocably accepted the position (subject to their appointment) and certified, under their responsibility, that there were no grounds for their ineligibility or incompatibility to stand as a candidate, and that they met the requirements of applicable laws, regulatory provisions, the Articles of Association and the Corporate Governance Code;
- (iv) a statement from each candidate certifying that they met the independence requirements established by law, the Articles of Association and the Corporate Governance Code;
- (v) a statement from each candidate on their knowledge and expertise in the areas indicated in the 2017 Qualitative/Quantitative Profile.

The lists, together with the above documents, were filed on the Company's website ("*Governance/Shareholders' Meetings*" section).

After establishing the number of Board Directors as 9, the Shareholders' Meeting of April 11, 2017, appointed Directors for the 2017-2019 period as follows:

- Enrico Cotta Ramusino, Alessandro Foti, Francesco Saita, Manuela D'Onofrio, Maria Chiara Malaguti, Gianmarco Montanari and Patrizia Albano from the list submitted by UniCredit, which was voted by the majority of shareholders;
- Elena Biffi and Maurizio Santacroce from the list submitted by several asset management companies and institutional investors, which was voted by the minority of shareholders.

For the percentage of votes for the above lists in relation to voting capital, see the summary report on voting, available on the Company's website ("*Governance/Shareholders' Meeting*" section).

The qualitative and quantitative composition of the appointed Board complied with the optimal composition defined by the Board (as described in the 2017 Qualitative/Quantitative Profile), in terms of: (i) the number of board members, optimally set by the Board as 9, in order to foster dialogue and promote the decision-making process, and which is sufficient with respect to the size and complexity of the Company's organisational structure, for an effective oversight of all company operations; (ii) meeting requirements of integrity, professional expertise (in particular all Board members had a good knowledge and experience in two or more of the areas listed) and independence (the majority of Board members are independent directors in accordance with the Corporate Governance Code); (iii) gender balance (at least one third of members on the board must comprise the least represented gender, as established by the legislation and regulations applicable to the Board appointed by the Shareholders' Meeting in 2017 and in office at April 28, 2020); (iv) complying with the limit on positions (no Board Directors exceed the limit) and time available (based on the nature and extent of additional positions held, as well as various professional and work commitments)<sup>(12)</sup>. For details of the personal and professional profile of each Director, see the information published on FinecoBank's website ([www.finecobank.com](http://www.finecobank.com), "*Governance/2017 Shareholders' Meeting*" section).

The European Central Bank (ECB) communicated its decision on December 15, 2017 (with

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<sup>(12)</sup> See the description provided in Section 4.2.1. below.

regard to the non-executive directors) and January 3, 2018 (with regard to the Chairman and the Managing Director and General Manager) confirming the suitability of the members of the management body.

Following FinecoBank's exit from the UniCredit Group on May 10, 2019, Ms. Manuela D'Onofrio resigned as a non-executive director.

Accordingly, on January 15, 2020, the Board of Directors replaced Director Ms. Manuela D'Onofrio by co-optation pursuant to Article 2386 of the Civil Code with Mr. Andrea Zappia, subject to the favourable opinion of the former Corporate Governance, Appointments and Sustainability Committee and the approval of the Board of Statutory Auditors.

The selection of that Director was carried out following the "*Process for selecting candidates for membership of the Board of Directors*" approved by the Board on the August 5, 2019 (available on the Bank's website in Annex B of the FinecoBank Corporate Bodies Regulations), with the active involvement of the former Corporate Governance, Appointments and Sustainability Committee and the support of the external consulting firm Spencer Stuart. Mr. Andrea Zappia was selected, on the proposal of the aforementioned Committee, in compliance with the necessary requirements and in line with the criteria identified by the Board in the 2017 Qualitative/Quantitative Profile, also in the light of the specific assessments made during the board review carried out during the Year.

The appointment of the co-opted Director was confirmed by the Shareholders' Meeting on February 18, 2020, in accordance with the applicable regulations.

The table below provides the relevant information about each member of the Board of Directors in office as at the date of the Shareholders' Meeting held on April 28, 2020.

Position	Members	Born in	Date of first appointment *	In office since	In office until	List **	Exec. ( <sup>1</sup> )	Non-Exec.	Indep. code ( <sup>2</sup> )	Indep. TUF ( <sup>3</sup> )	( <sup>4</sup> )	Number of other positions ***
Chairman	Enrico Cotta Ramusino	1959	12/13/2001	04/11/2017	Approval of the Financial Statements as at 12/31/2019	M		X		X	5/5 (100%)	0
Deputy Chairman	Francesco Saita	1967	04/15/2014	04/11/2017	Approval of the Financial Statements as at 12/31/2019	M		X	X	X	5/5 (100%)	0
Managing Director and General Manager	Alessandro Foti	1960	10/20/1999	04/11/2017	Approval of the Financial Statements as at 12/31/2019	M	X				5/5 (100%)	0
Director	Patrizia Albano	1953	04/11/2017	04/11/2017	Approval of the Financial Statements as at 12/31/2019	M		X	X	X	5/5 (100%)	1
Director	Elena Biffi	1966	04/11/2017	04/11/2017	Approval of the Financial Statements as at 12/31/2019	m		X	X	X	5/5 (100%)	1
Director	Maria Chiara Malaguti	1964	04/11/2017	04/11/2017	Approval of the Financial Statements as at 12/31/2019	M		X	X	X	5/5 (100%)	0
Director	Gianmarco Montanari	1972	04/11/2017	04/11/2017	Approval of the Financial Statements as at	M		X	X	X	5/5	0

					12/31/2019						(100%)	
Director	Maurizio Santacroce	1971	04/11/2017	04/11/2017	Approval of the Financial Statements as at 12/31/2019	m		X	X	X	5/5 (100%)	0
Director	Andrea Zappia	1963	15/01/2020 (co-opted by Board)  February 18, 2020 (appointed by the Shareholders' Meeting)	01/15/2020	Approval of the Financial Statements as at 12/31/2019	-		X	X	X	4/5 (80%)	2

----- Directors leaving office during the Year -----

**Quorum required for the submission of lists for the last appointment: 1%**

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

\*\* This column indicates the list that each director was taken from (“M”: member from the majority list; “m”: member from the minority list).

\*\*\* Number of positions as Director or Statutory Auditor held in other companies listed on regulated markets, also abroad, in financial, banking or insurance companies, or large-sized companies (see Section 4.2.1 below, listing companies with reference to each Director).

(<sup>1</sup>) Independent Director according to Corporate Governance Code.

(<sup>2</sup>) Independent Director in accordance with Article 3 of the Corporate Governance Code.

(<sup>3</sup>) Independent Director in accordance with Article 148, paragraph 3 of the TUF.

(\*) Percentage attendance at Board meetings (no. of attendances/no. of meetings held during the actual period of office of the person concerned during the Year).

**Diversity policies**

Subject to the applicable laws and regulations, on February 25, 2020, the Board of Directors approved the Qualitative/Quantitative Profile for the renewal of the Board, which contains the general guidelines on structure, composition and diversity, both in terms of gender and age and previous professional experience. The Qualitative/Quantitative Profile was updated on March 16, 2021, in the context of the replacement of the resigning Director Andrea Zappia to take account of the recent board review and the entry into force of Decree no. 169 of November 23, 2020, of the Ministry of the Economy and Finance on the suitability requirements for bank officers, as well as the Fit & Proper Policy approved by the Board also on March 16, 2021. The Qualitative/Quantitative Profile, which is available on the Bank’s website in the “*Governance/Documents*” section, has also been drawn up taking into account the EBA/ESMA Joint Guidelines on verifying the suitability of the members of the strategic supervision and management bodies, as well as the holders of key functions, most recently published on March 21, 2018, and effective from June 30, 2018, and the EBA Guidelines on Internal Governance (2017), which entered into force on June 30, 2018.

Members of the Board of Directors in office are broken down below, by age and gender. With regard to gender, as at the date of approval of this Report, 45% of the Board of Directors of FinecoBank were male and 55% were female. This is in line with the current rules on gender balance (see fig.1).

A similar breakdown is also provided for the Board of Directors in office until (i) March 1, 2021

(date when the resignation of Mr. Andrea Zappia became effective) and (ii) the Shareholders' Meeting of April 28, 2020. With regard to the breakdown by gender, in case (i) 45% of the Board of Directors was female and 55% male, in line with the rules on gender balance applicable to the composition of the Board in office at that date. In case (ii), the Board of Directors of FinecoBank in office up to April 28, 2020, was composed 33% of female directors and 67% of male directors, also in this case in line with the rules on gender balance applicable to the composition of the Board of Directors in office until date, as well as the 2017 Qualitative/Quantitative Profile (see, figs. 2 and 3 respectively).

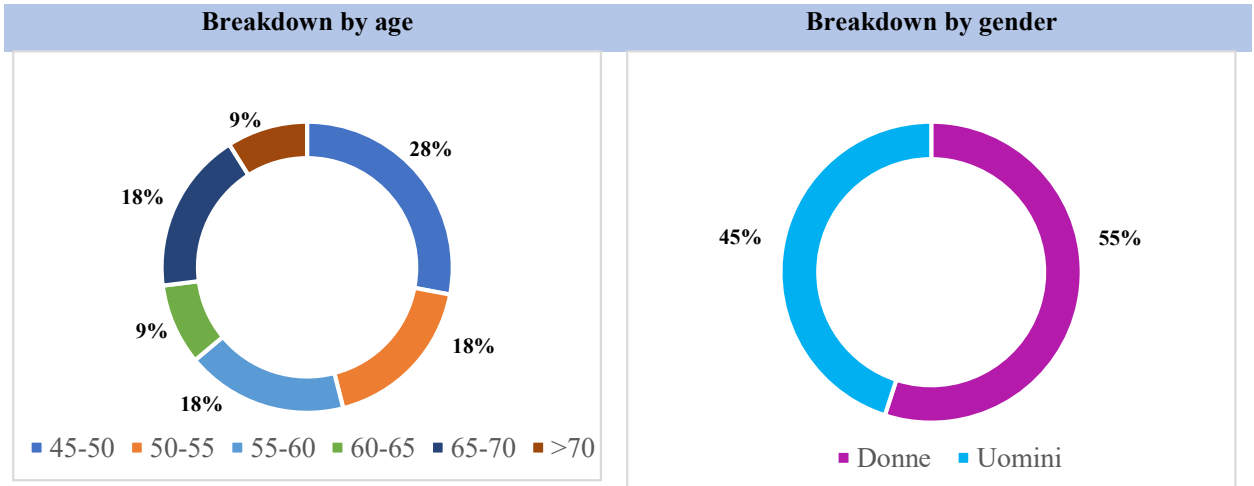


Fig. 1 – Board of Directors in office as at the date of approval of this Report



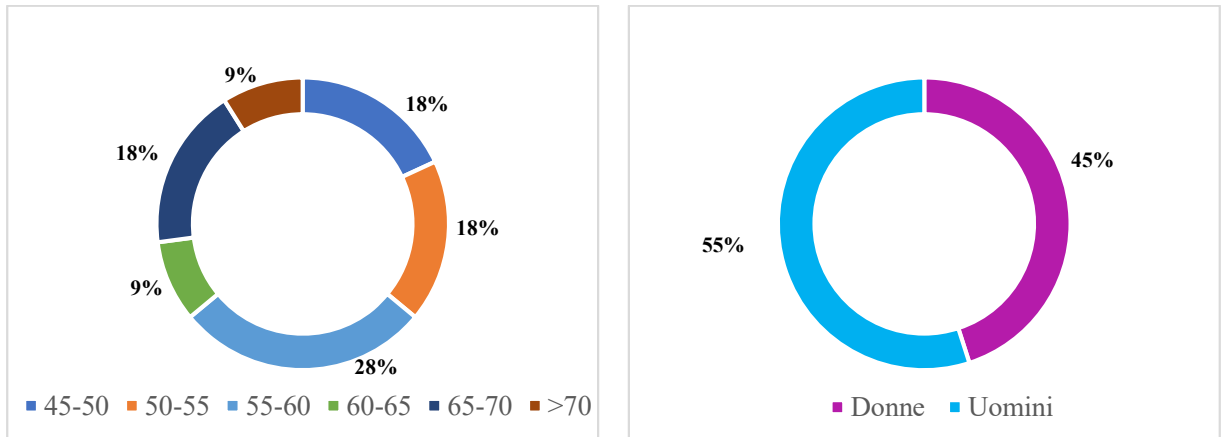


Fig. 2 – Board of Directors in office up to March 1, 2021

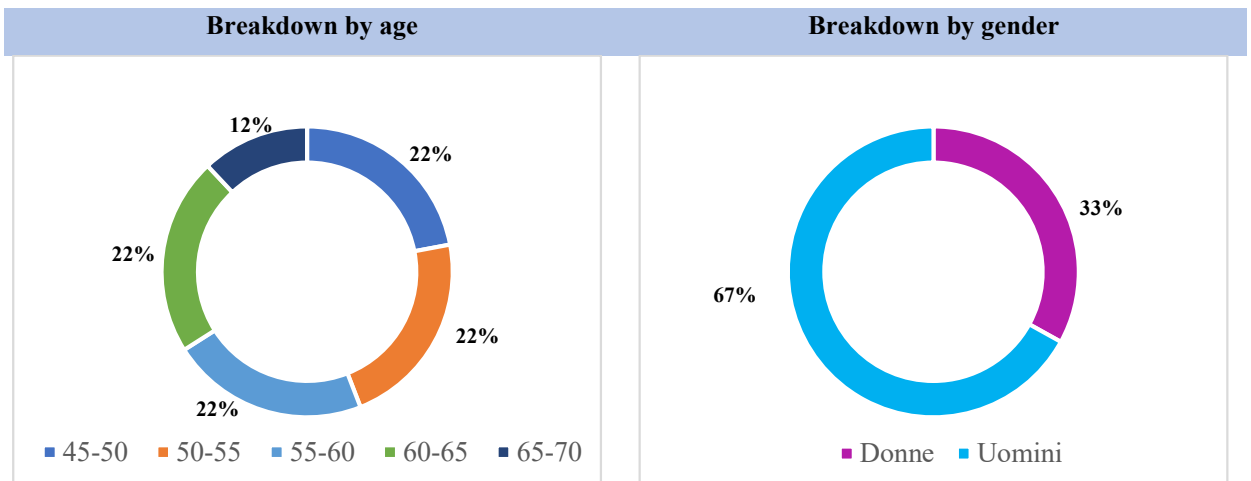


Fig. 3 – Board of Directors in office up to April 28, 2020

With the aim of making the business increasingly sustainable and successful, FinecoBank invests in a highly diversified workforce and has adopted a global policy on gender equality, which establishes principles and guidelines to ensure a level playing field in which all employees, regardless of gender, can realise their potential.

FinecoBank has taken measures to promote equal treatment and gender opportunities by including an objective linked to the gender balance and pay gap in all the short-term performance evaluation sheets of the Identified Staff.



#### 4.2.1. *Maximum number of positions held in other companies*

Based on information from the Directors, the Board annually identifies and indicates, in the report on corporate governance and ownership structures, the positions of director or auditor held by the Directors in other companies and, in general, compliance with the qualitative and quantitative requirements in relation to time (based on the nature and extent of the positions held, as well as other work and professional commitments). The Directors promptly notify the Company of positions held or from which they have resigned during their term of office, as well as of any changes that may affect their availability.

In this regard, when approving the 2017 Qualitative/Quantitative Profile, the Board of Directors established new guidelines on the maximum number of positions that may be held by Company directors, in line with provisions in the Directive CRD IV. The 2020 Qualitative/Quantitative Profile, as approved in the context of the renewal of the corporate bodies scheduled during the Year, also in light of Article 13 of the Articles of Association, contains the same provision.

In particular, subject to additional and/or different provisions that may apply as a result of the entry into force of Decree no. 169 of November 23, 2020, implementing Article 26 of the TUB (as amended by Legislative Decree no. 72 of May 12, 2015, transposing Directive CRD IV in Italian law), each Director may hold the following number of positions (in any type of company, apart from organisations that are chiefly non-commercial):

- 1 executive position and 2 non-executive positions (including the position held in FinecoBank);
- 4 executive positions and 2 non-executive positions (including the position held in FinecoBank);

In addition, the following positions are also considered to be a single directorship: (a) executive or non-executive directorships held within the same group; and (b) *executive or non-executive directorships held in companies in which the entity holds a qualified equity interest* (see Article 91 of the CRD IV Directive).

The table shows the overall number of positions held by Directors in office as at the date of approval of this Report (including the position held in FinecoBank). The limit on the total number of positions held by Directors, as established by the Board in accordance with its Qualitative/Quantitative Profile, in line with the Directive CRD IV, was considered to have been met in view of provisions applicable to positions held in the same group, positions held in organisations that are chiefly non-commercial (that are not relevant for the total number of positions), statements provided by the directors and the principles set forth by the European Banking Authority and the European Securities Markets Authority on suitability of the management body and key personnel, issued on March 21, 2018, and effective from June 30, 2018.

Name	Total number of positions held by the Directors	Number of relevant positions held
Marco Mangiagalli <i>Chairman</i>	3 non-executive positions	3 non-executive positions
Francesco Saita <i>Deputy Chairman</i>	2 non-executive positions	2 non-executive positions
Alessandro Foti <i>Managing Director and General Manager</i>	1 executive position and 2 non-executive positions	1 executive position <sup>(1)</sup>
Paola Giannotti De Ponti <i>Director</i>	3 non-executive positions	3 non-executive positions
Patrizia Albano <i>Director</i>	5 non-executive positions	3 non-executive positions <sup>(2)</sup>
Gianmarco Montanari <i>Director</i>	5 non-executive positions and 1 position as general manager	2 non-executive positions <sup>(3)</sup>
Maria Alessandra Zunino de Pignier <i>Director</i>	6 executive position and 1 non-executive position	2 executive position and 1 non-executive position <sup>(1)</sup>
Giancarla Branda <i>Director</i>	7 non-executive positions	4 non-executive positions <sup>(1)</sup> <sup>(2)</sup>
Elena Biffi <i>Director</i>	1 executive position and 2 non-executive positions	1 executive position and 2 non-executive positions
Marin Gueorguiev <i>Director</i>	1 non-executive position	1 non-executive position

Alessandra Pasini <i>Director</i>	3 non-executive positions	3 non-executive positions
<p>(<sup>1</sup>) Considering the impact of positions held in organisations that are chiefly non-commercial, the total number of positions held complies with the limits set.</p> <p>(<sup>2</sup>) Considering the impact of positions in the same group, the total number of positions held complies with the limits set.</p> <p>(<sup>3</sup>) Considering the impact of positions held in organisations that are chiefly non-commercial and the position of general manager, which is not relevant for calculation purposes, the total number of positions held complies with the limits set.</p>		

\* \* \*

In addition to the above, in compliance with Article 36 of Law Decree no. 201 of December 6, 2011, ratified with amendments by Law no. 214 of December 22, 2011, establishing provisions on “*personal crossholdings in the credit and financial markets*” it is forbidden for “*those who hold offices in the management, control and supervisory bodies and the senior officers of firms or groups of firms engaged in credit, insurance and financial markets, to accept or hold similar positions in competing firms or groups of firms*” (interlocking ban). Persons who hold incompatible offices must notify the option exercised within 90 days of the appointment. Otherwise, on expiry of this deadline, they shall be removed from both offices.

Directors must annually renew the certificate stating they do not hold positions in the management, supervisory or control bodies of competing companies or groups of companies, in order to enable the Board to carry out its annual assessment. This assessment was carried out on the appointment of Directors, with a positive result for the Year.

The Directors are also required to inform the Bank about positions held in other companies and entities. In accordance with provisions of the Corporate Governance Code, the previous summary table above shows the number of positions held as director/auditor by board members of FinecoBank in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large-sized companies, and notified by them.

The table below lists these positions, without including positions held by officers in organisations/associations that are chiefly non-commercial.

Name	List of positions held by FinecoBank Directors in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large-sized companies	Companies belonging to the FinecoBank Group	
		YES	NO
Marco Mangiagalli <i>Chairman</i>	Non-executive chairman of E.I. Towers S.p.A.	-	x
Francesco Saita <i>Deputy Chairman</i>	/	-	-

Alessandro Foti <i>Managing Director and General Manager</i>	/	-	-
Paola Giannotti De Ponti <i>Director</i>	Non-executive director of TIM S.p.A. Non-executive director of Terna S.p.A.		x
Patrizia Albano <i>Director</i>	Non-executive director of Piaggio & C. S.p.A.	-	x
Gianmarco Montanari <i>Director</i>	/	-	-
Maria Alessandra Zunino de Pignier <i>Director</i>	/	-	-
Giancarla Branda <i>Director</i>	Statutory Auditor of Saras S.p.A.	-	x
Elena Biffi <i>Director</i>	Non-executive director of Arnoldo Mondadori Editore S.p.A.	-	x
Marin Gueorguiev <i>Director</i>	/	-	-
Alessandra Pasini <i>Director</i>	/	-	-

***Board of Directors in office until the Shareholders' Meeting of April 28, 2020***

In the interest of a more complete and detailed representation of the corporate governance for the Year, the tables below list the positions held in other companies by the Directors in office up to April 28, 2020.

Name	Total number of positions held by the Directors	Number of relevant positions held
Enrico Cotta Ramusino <i>Chairman</i>	2 non-executive positions	1 non-executive position <sup>(1)</sup>
Francesco Saita <i>Deputy Chairman</i>	2 non-executive positions	2 non-executive positions
Alessandro Foti <i>Managing Director and General</i>	1 executive position and 3 non-executive positions	1 executive position and 1 non-executive position <sup>(1)</sup>

<i>Manager</i>		
Patrizia Albano <i>Director</i>	5 non-executive positions	3 non-executive positions <sup>(2)</sup>
Elena Biffi <i>Director</i>	1 executive position and 3 non-executive positions	1 executive position and 2 non-executive positions <sup>(1)</sup>
Maria Chiara Malaguti <i>Director</i>	1 non-executive position	1 non-executive position
Gianmarco Montanari <i>Director</i>	3 non-executive positions and 1 position as general manager	1 non-executive position <sup>(3)</sup>
Maurizio Santacroce <i>Director</i>	1 executive position and 1 non-executive position	1 executive position and 1 non-executive position
Andrea Zappia <i>Director</i>	1 executive position and 2 non-executive positions	1 executive position and 2 non-executive positions
<p><sup>(1)</sup> Considering the impact of positions held in organisations that are chiefly non-commercial, the total number of positions held complies with the limits set.</p> <p><sup>(2)</sup> Considering the impact of positions in the same group, the total number of positions held complies with the limits set.</p> <p><sup>(3)</sup> Considering the impact of positions held in organisations that are chiefly non-commercial and the position of general manager, which is not relevant for calculation purposes, the total number of positions held complies with the limits set.</p>		

Name	List of positions held by FinecoBank Directors in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large-sized companies	Companies belonging to the FinecoBank Group	
		YES	NO
Enrico Cotta Ramusino <i>Chairman</i>	/	-	-
Francesco Saita	/	-	-

<i>Deputy Chairman</i>			
Alessandro Foti <i>Managing Director and General Manager</i>	/	-	-
Patrizia Albano <i>Director</i>	Non-executive director of Piaggio & C. S.p.A.	-	x
Elena Biffi <i>Director</i>	Non-executive director of Arnoldo Mondadori Editore S.p.A.	-	x
Maria Chiara Malaguti <i>Director</i>	/	-	-
Gianmarco Montanari <i>Director</i>	/	-	-
Maurizio Santacroce <i>Director</i>	/	-	-
Andrea Zappia <i>Director</i>	Chairman of the Board of Directors of Sky Italia S.r.l. Non-executive director of Luxottica Group S.p.A. <sup>(13)</sup>	-	x

#### 4.2.2. Induction initiatives and ongoing training

During the Year, at the request of the Chairman of the Board of Directors (and also in accordance with the induction plan for the Year, which has been approved by the Board of Directors based on the assessment carried out with the aid of an external advisor), three “induction and training” meetings were held on the following: (i) presentation of FinecoBank, to provide an overall presentation of the Bank to the new members of the Board; (ii) the Bank’s brokerage and investing activities; (iii) capital adequacy and the internal calculation of capital in FinecoBank.

During the Year, the Company continued its systematic planning of the skills assessment and training of its Company Officers. In 2021, it approved an extensive training programme that includes 15 induction meetings per month, and also anticipated the main topics of the meetings to be held in the next two years.

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

#### 4.3.1 Duties

Under the current regulations for companies with shares listed on regulated markets and in accordance with the recommendations in the Corporate Governance Code, the Board of Directors plays a central role in the Company’s governance system. As the supervisory body, the Board of

<sup>(13)</sup> Company of the EssilorLuxottica Group.

Directors approves the Bank's strategic guidelines and monitors their ongoing implementation.

Article 17 of the Articles of Association requires the Board of Directors to have the broadest powers for the management of the Company, except for powers reserved by applicable law, regulations and the Articles of Association to the Shareholders' Meeting.

In particular, in addition to duties and powers that cannot be delegated according to law, the Articles of Association or the Corporate Bodies Regulations, the Board of Directors has exclusive responsibility for the following:

- general direction, as well as the adoption and changes to the Company's industrial, strategic and financial plans;
- appointment and dismissal of the Managing Director and/or the General Manager and Deputy General Manager(s), the Financial Reporting Officer and key management personnel;
- assessments of the general performance of company operations <sup>(14)</sup>;
- updating the Articles of Association to bring them into line with regulatory provisions;
- mergers by incorporation of Companies and demergers in the cases provided for under Articles 2505, 2505-*bis* and 2506-*ter* of the Civil Code;
- reduction of the share capital in the event of the withdrawal of a shareholder;
- the indication of the Directors, in addition to those identified by the Articles of Association, that can represent the Company;
- determination of criteria for the coordination and management of Group Companies and for compliance with Bank of Italy requirements;
- establishment of committees or commissions with advisory, decision-making or coordination functions;
- risk management policies, as well as the evaluation of the functioning, efficiency and effectiveness of the internal control system and adequacy of the organisational, administrative and accounting structure;
- purchase and sale of investments, companies and/or business units, as well as decisions concerning investments or disinvestments that modify the composition of the Banking Group, subject to the provisions in Article 2361, paragraph 2 of the Civil Code;
- purchase and sale of property;
- approval and amendment of the main internal regulations;
- appointment and dismissal of the heads of the Internal Audit, Compliance, Risk Management and Anti-Money-Laundering functions, after consultation with the Board of Statutory Auditors;
- establishment and structuring of branches, agencies and representative offices in Italy or abroad, also for the purpose of allocating signing powers.

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<sup>(14)</sup> By considering the information received from executive bodies and officers, and periodically comparing the results achieved with those planned. In this regard, the assessment was conducted monthly during the Year.

In accordance with the Supervisory Regulations on Corporate Governance and the Corporate Governance Code, and in line with the provisions of the Articles of Association and the Corporate Bodies Regulations, the Board of Directors:

- (a) defines the nature and the level of risk consistent with the Bank's and Group's strategic objectives, including in its assessment all risks that may be relevant for the sustainability of Bank and Group operations in the medium to long term; reviews and approves the business model, bearing in mind the risks to which the model exposes the Bank and the Group; formulates policies for the management of risks to which the Bank and the Group may be exposed, as well as the risk objectives 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 and approves the Bank's organisational and corporate governance structure, verifies its correct implementation and promptly takes corrective measures in the case of any shortcomings or inadequacies; it also defines the Group's corporate structure and governance models/guidelines; in particular, the Board of Directors is called upon to ensure the clear separation of tasks and functions, the prevention of conflicts of interest, the corporate structure and the governance models/guidelines <sup>(15)</sup>;
- (c) checks the proper implementation of the overall corporate governance structure, and of the organisational structure of the Bank as approved by the Board of Directors; it promptly takes corrective measures in respect of any shortcomings or inadequacies in these structures, and assesses the adequacy of the Bank's overall administrative and accounting structure and the organisational, administrative and accounting structure of the Group companies, with particular reference to the system of internal controls and the management of conflicts of interest;
- (d) approves the accounting and reporting systems;
- (e) approves policies and processes for the assessment of company operations, and, in particular, financial instruments, ensuring their continued adequacy; it also establishes the Bank's and Group's maximum exposure limits for financial instruments or products that are uncertain or difficult to measure;
- (f) approves the process for the development and validation of internal risk measurement systems not used for regulatory purposes, periodically assessing their correct use; it also approves the adoption of internal risk measurement systems for assessing capital requirements, periodically checking their validity, and adopting a formal resolution – annually, and after consulting the Board of Statutory Auditors – regarding compliance with the requirements for the use of those systems;
- (g) approves the Group's recovery plan, with the aim of identifying options to maintain or restore the Bank's economic sustainability and financial position under severe stress;
- (h) approves the stress testing programme, as set out in the "Guidelines on Institutions' Stress Testing" (EBA/GL/2018/04);

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<sup>(15)</sup> For the assessment of the adequacy of the Company's organisational, administrative and accounting structure, which is prepared by the Managing Director (in particular for the internal control system and risk management), also in relation to FAM, see Par. 12.1. below.



- (i) with reference to banking, financial, investment and insurance products and services (i) defines the process for the approval of new products and services, commencement of new business and entry into new markets; (ii) approves and updates policies containing guidelines on Product Governance requirements; (iii) monitors the process of governance of financial instruments, and also checks that the compliance reports systematically include information about the financial instruments produced by the intermediary, the services offered and the distribution strategy;
- (j) approves the Company's policy on the outsourcing of corporate functions;
- (k) in order to mitigate the Bank's and Group's operational and reputational risks and encourage the dissemination of a culture based on internal controls, the Board of Directors approves a code of ethics, which must be adhered to by all members of corporate bodies and employees of the Bank and the Group. The code defines the principles of conduct (e.g. rules of professional conduct and rules to follow in dealings with clients) that the company activities must be based on;
- (l) approves the internal whistleblowing systems;
- (m) approves, with regard to ICT matters: (i) the development strategies for the information system and the model for the architecture of the system; (ii) the policy on information security; (iii) the guidelines on the recruitment of technical personnel and the procurement of systems, software and services, including the use of outside suppliers, and promotes the development, sharing and updating of knowledge on ICT; (iv) the organisational and methodological framework for the analysis of ICT 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 the risk appetite established at corporate level, and is also informed at least annually on the IT risk situation with respect to the risk appetite; (vi) the corporate documents required by law for the management and supervision of the IT system; the Board is informed at least once a year regarding the adequacy of the services provided and the support given by those services to the evolution of business operations with respect 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 IT system;
- (n) with regard to business continuity: (i) defines the objectives and business continuity strategies, ensuring sufficient human, technological and financial resources; (ii) approves the business continuity plan and any updates due to technological and organisational modifications, accepting residual risks not covered by the business continuity plan, and also promoting the development, periodic monitoring and updating after significant changes, or to cover any deficiencies/gaps or risks that have occurred; (iii) is informed at least once a year of the results of the checks on the adequacy of the business continuity plan; (iv) appoints the manager responsible for the business continuity plan;
- (o) defines the criteria for identifying the most significant transactions <sup>(16)</sup> to be submitted for prior examination by the Risk and Related Parties Committee, and decides on transactions with related parties and associated persons, in accordance with the relevant procedures;

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<sup>(16)</sup> The Board resolves on the Company's significant transactions from a strategic or operational or financial perspective. With reference to the significant transactions carried out by the subsidiaries, the Board of Directors has approved and implemented the Global Policy Regulations which establish the criteria for identifying significant transactions from a strategic or operational or financial perspective in

- (p) takes decisions on the Issuer's operations and those of its Subsidiaries, if those operations have a significant strategic, income, capital or financial impact for the issuer; establishes general criteria for identifying significant transactions;
- (q) determines the remuneration/incentive systems for key personnel and the personal financial advisors network, and checks that these systems do not increase business risks and are consistent with long-term strategies;
- (r) prepares and submits the remuneration and incentives policy to the Shareholders' Meeting, on an annual basis, and is responsible for its proper implementation;
- (s) after consultation with the Appointments 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 Articles of Association, it identifies candidates for the position of Director of FinecoBank, when lists are submitted by the Board to the Shareholders' Meeting;
- (t) after consulting the Appointments Committee, it issues opinions to the Board of Directors in relation to the appointment of corporate officers (i.e. members of the Boards of Directors, Boards of Statutory Auditors and Supervisory Boards) of the subsidiaries.

The Board of Directors also ensures that:

- (i) the Bank's structure is consistent with its activities and business model, avoiding the creation of complex structures which are not justified by operational objectives;
- (ii) the implementation of the framework for determining the Risk Appetite Framework ("RAF") is consistent with approved risk objectives and tolerance thresholds (where identified); in this regard, the Board of Directors periodically assesses the suitability and effectiveness of the RAF and the compatibility between actual risk and risk objectives;
- (iii) the strategic plan, the RAF, the Internal Capital Adequacy Assessment (ICAAP) process, the budget and the internal control system are consistent, also in view of changing internal and external conditions in which the Bank and the Group operate;
- (iv) the quantity and allocation of Group capital and liquidity are in line with the Group's risk appetite, risk governance policies and risk management process;
- (v) where the Bank operates in jurisdictions lacking transparency or through especially complex structures, the Board assesses the related operational risks, especially of a legal, reputational and financial nature, identifying oversight measures to mitigate those risks and ensure they are effectively controlled.

Furthermore, the Board approves, at least once a year, the plan of activities (including the audit

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order to report them to the Board of Statutory Auditors in accordance with the applicable regulations. In particular, all critical and significant transactions and, in any event, those involving the following are reported to the Company's Board of Statutory Auditors: (i) new entry into, or strengthening of an existing position in, a strategic sector/market; (ii) definition/modification of shareholding structures with third-parties with which there are governance agreements; (iii) decisions affecting strategic investments; (iv) decisions that have a significant influence on the organisational structure of the Company or the Group; (v) the exceeding of income/capital/financial thresholds in relation to the type of transaction carried out; (vi) changes to the Company's capital structure; (vii) new legal proceedings and changes to previous proceedings that give rise to contingent liabilities that exceed the threshold established by the Board or that are or may become significant for the Company's industry sector ("pilot proceedings").

plan) and reviews the annual reports prepared by the corporate control functions (Compliance, Internal Audit and Risk Management). In this context, 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 legal and regulatory provisions.

Lastly, the Board is exclusively responsible for reporting to shareholders at Shareholders' Meetings.

#### **4.3.2 Meetings and functioning**

The Board of Directors held 14 meetings during the Year, with an average duration of three hours and nineteen minutes. For details of the percentage of attendance by each Director, see the table in Paragraph 4.2 above.

For 2021, a total of 12 meetings have been scheduled, of which 3 (with an average duration of five hours and twenty minutes) have been already held as at the date of approval of this Report.

The Chairman is responsible for planning the Board's schedule with regard to the agenda, as proposed by the Managing Director and General Manager. The Chairman also ensures that enough time is dedicated to the topics in the agenda in order to enable effective debate, encouraging Directors to actively contribute to the meetings.

Article 16 of the Articles of Association requires the Company's Board of Directors to be convened, also using telecommunication facilities, at the registered office of the Company, or elsewhere provided the venue is in Italy, by the Chairman (or his/her representative), usually at least once every three months, and in any case whenever deemed necessary by the Chairman, or if requested in writing by the Managing Director and General Manager or by at least two Directors of the Board of Directors. A Board meeting may also be called by a Statutory Auditor.

If the absence of a notice of call, the Board of Directors is considered to be duly constituted if it is attended by all the Directors and Statutory Auditors.

Article 16 of the Articles of Association allows for the possibility for participants of Board meetings to attend remotely, through audiovisual communication systems (video conference or conference call) where the conditions are in place to identify the attendees, allow their real-time participation in discussing the topics examined and to receive, transmit and examine any documents not previously seen. In this regard, during the Year, in compliance with government regulations aimed at containing the COVID-19 health emergency that affected Italy from February/March 2020, the meetings of the Board of Directors were mainly held using remote audiovisual connection systems (video or teleconference) in compliance with the articles of association provisions.

Pursuant to the Corporate Bodies Regulations, notice of meetings must be given to all Directors and Statutory Auditors within a reasonable period of time, except in cases of urgency. The notice must include the items on the agenda, except where this is not possible due to confidentiality issues, to ensure that the attendees are aware of the matters ahead of time and come prepared to the meeting. The Corporate Bodies Regulations also require documentation in support of proposals and any necessary information to be provided to Directors at least three business days prior to the meeting (with the exception of the financial documents, that must be provided at least

one business day before the meeting)<sup>(17)</sup>, so that the Directors can give an informed opinion on the matters to be discussed. This requirement was met during the Year.

The Chairman is responsible for planning the proceedings of the Board meeting, in accordance with the agenda, as proposed by the Managing Director and General Manager. The Chairman also ensures that adequate information – both qualitative and quantitative – concerning the items on the agenda is provided to all Board members, to enable the Board to make informed decisions on the matters to be discussed and approved; the Chairman also ensures that sufficient time is dedicated to the items on the agenda in order to enable constructive debate, encouraging Directors to actively contribute to meetings.

The Chairman of the Board of Directors, also at the request of one or more Directors, may ask the Managing Director and General Manager for the senior managers of the Issuer and of the Group companies, as well as Heads of relevant corporate functions, to attend board meetings, in order to provide appropriate additional information regarding the items on the agenda. During the Year, there was active participation by the senior managers in meetings of the Board of Directors.

Pursuant to Article 15 of the Articles of Association, the General Manager, if appointed, may take part, without voting rights, in Board meetings. If a Managing Director has not been appointed, the General Manager takes part in Board meetings with the power to make proposals.

Pursuant to Article 16 of the Articles of Association, the Chairman may request the Deputy General Managers and other executive staff to take part in Board meetings.

Apart from Board meetings, the Directors attend “off-site” meetings, in order to further examine and discuss strategic issues.

The independent directors meet at least once a year in a closed session, without the other Directors.

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

#### **4.3.3 Self-assessment**

The annual self-assessment of the Board and its Committees, as well as their size and composition, has been carried out in compliance with the Corporate Bodies Regulations adopted pursuant to the Supervisory Regulations on Corporate Governance and in accordance with the recommendations of the Corporate Governance Code.

For the performance of the self-assessment process, FinecoBank, as in the previous year, made use of the company *Egon Zehnder* as independent external consultant, selected with the aid of the Appointments Committee and engaged to provide advice during each stage of the process. That company, chosen based on its experience and expertise in corporate governance, is acknowledged as possessing the neutrality, impartiality and independence of mind required by the Corporate Bodies Regulations.

The process consisted of the following steps:

- examination: carried out in accordance with the provisions of the Corporate Bodies

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<sup>17</sup> On March 16, 2021, the Board of Directors approved a new version of FinecoBank’s Corporate Bodies Regulations which aligned the deadline for providing both the non-financial and financial documentation to 3 working days prior to the Board meeting, implementing the recommendations in the Letter from the Chairman of the Corporate Governance Committee of December 22, 2020 (see, Section 20).

- Regulations, through anonymous questionnaires and individual interviews;
- consultant's assessment of the results of the self-assessment process and preparation of the summary document describing the methods used, the individuals involved and the results obtained, highlighting any strengths and weaknesses identified;
  - examination of the summary document by the Appointments Committee and proposals of possible corrective measures to be submitted to the Board of Directors;
  - assessment and approval of the summary document and the proposals by the Board of Directors.

In line with the approach adopted in the Board reviews of the previous years, the questionnaires and interviews focused on various topics concerning the size, the composition and functioning of the Board of Directors and its Committees.

The results of the self-assessment were very positive: in short, the Directors expressed their complete satisfaction and appreciation regarding the size, composition and functioning of the Board of Directors of FinecoBank and its Committees and, in the independent consultant's opinion, the Board is performing its activities in substantial compliance with the Corporate Governance Code and the Italian and international best practice.

#### **4.3.4 Competing activities**

The Company has not authorised any exceptions to the non-competition clause pursuant to Article 2390 of the Civil Code.

#### **4.4 Executive bodies and officers**

In accordance with FinecoBank's Corporate Bodies Regulations, powers are delegated in such a way that does not deprive the Board of its fundamental rights and prerogatives.

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

The executive bodies and officers report to the Board of Directors and Board of Statutory Auditors at least every three months, on operations carried in exercising their powers, in the manner set out in the document "*Delegated powers*" and in the other applicable internal regulations.

##### **4.4.1 Managing Director and General Manager**

Pursuant to Article 15 of the Articles of Association, the Board of Directors may appoint a Managing Director, determining the term of office and the respective duties and powers, a General Manager and one or more Deputy General Managers, who constitute the Executive Management, together with the other personnel assigned to that function.

The Managing Director or – where not appointed – the General Manager oversee the Executive Management.

The Managing Director takes on the powers and duties of the General Manager if the latter has not been appointed.

If a Managing Director and General Manager are appointed, both positions must be held by the same person.

The Managing Director, or where not appointed, the General Manager or responsible for implementing the resolutions passed by the Board of Directors, with the assistance of the Executive Management.

If a Managing Director has not been appointed, the General Manager takes part in the meetings of the Board of Directors with the power to make proposals and without voting rights.

The Managing Director and other Directors with key responsibilities, as well as the General Manager, where no Managing Director has been appointed, report to the Board of Directors on their activities, according to the procedures and time limits established by the Board, in accordance with law.

The Managing Director, or where not appointed, the General Manager, is responsible for implementing the resolutions passed by the Board of Directors, with the assistance of the Executive Management.

On April 28, 2020, the Board of Directors confirmed the appointment of Mr. Alessandro Foti as Managing Director and General Manager, assigning him powers in all the sectors of the Bank's operations. More information on powers granted is given in the document "*Delegated powers*" available for public consultation at the Milan-Monza-Brianza-Lodi Companies' Register.

The Managing Director and General Manager is responsible for managing the company and does hold any interlocking directorates identified by the Corporate Governance Code (Application Criterion 2.C.6. of the Corporate Governance Code).

Pursuant to the Supervisory Regulations (see Part One, Title IV, Chapter 5, Annex A, Section II, paragraph 3), the management body is assigned the tasks and responsibilities relating to business continuity, as indicated in the letters: "*f) promoting the development, periodic monitoring and updating of the business continuity plan in the event of major organisational, technological and infrastructural changes, and of identified gaps or deficiencies or new risks; and g) approving the annual plan of testing of the business continuity measures and reviewing the test results documented in writing.*"

#### **4.4.2 Chairman of the Board of Directors**

Pursuant to Article 14 of the Articles of Association, the Board of Directors elects a Chairman from its members and – where appropriate – one or two Deputy Chairmen, one of whom will act as a stand-in.

By resolution passed on April 28, 2020, Board of Directors appointed Mr. Marco Mangiagalli as Chairman of the Board of Directors. Up to the Shareholders' Meeting of April 28, 2020, the position of Chairman of the Board of Directors was held by Mr. Enrico Cotta Ramusino, appointed by resolution of April 11, 2017.

In accordance with Article 10 of the Articles of Association, the Chairman of the Board of Directors chairs the Shareholders' Meeting, directing and moderating discussions, establishing the voting procedures and confirming the results, in compliance with the applicable regulations and procedures for Shareholders' meetings.

The Chairman of the Board of Directors has not been granted any management powers and therefore does not have any executive role. He/she does not have a specific role in the development

of business strategies, is not the main person responsible for the management of the Company, and does not have significant investments, either directly or indirectly, in the Company's share capital. Unlike his predecessor, the current Chairman, Mr. Marco Mangiagalli, is not a member of any of the Bank's board committees.

For additional information, see Part A, § 2.1. of the Corporate Bodies Regulations available on the Company's website [www.finecobank.com](http://www.finecobank.com) ("*Governance/Company positions*" section).

#### **4.4.3 Reporting to the Board of Directors**

The Corporate Bodies Regulations require information flows between and within company bodies as an essential condition for achieving the objectives of efficient management and effective control of the Company.

To ensure continual and comprehensive information flows between and within Corporate Bodies, the Board is called upon to approve and oversee the maintenance and updating of a structured system of information flows, that governs the circulation of information and ensures it is correctly channelled in a timely and comprehensive manner, taking into account the responsibilities of various bodies with supervisory and control functions. The Board of Directors has identified these information flows, their content and timing in detail in the "*Document on company bodies and functions with supervisory tasks*", approved by it. For details regarding the transactions with related parties and associated persons as well as other relevant persons in potential conflict of interest, see the "*Global Policy for the management of transactions with persons in potential conflict of interest of FinecoBank Group*" and information flows envisaged in that document <sup>(18)</sup>.

The Corporate Bodies Regulations identify the persons required to submit information flows to the Corporate Bodies and describe the minimum content and timing of main flows concerned. Moreover, 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 the Corporate Bodies Regulations, specific organisational procedures have been adopted that describe the activities and controls related to the "*Management of the Board of Directors*" as well as the "*Management of inside information*", in addition to the above-mentioned Global Policy.

Article 21 of the Articles of Association establishes that the decisions made by those with delegated powers must be reported to the Board according to the procedures and frequency (at least quarterly) established by the Board. In particular, the executive bodies and officers must report to the Board of Directors and the Board of Statutory Auditors, at least on a quarterly basis, on the general performance of operations, the business outlook, and transactions that have a significant effect on the results of operations and financial position – with particular regard to those that could potentially give rise to conflicts of interest – carried out by the Company and its subsidiaries.

In this regard, the executive bodies and officers have reported to the Board of Directors and the Board of Statutory Auditors, on at least a quarterly basis, on activities performed in exercising their delegated powers.

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<sup>(18)</sup> The Global Policy is available at the FinecoBank's website: [www.finecobank.com](http://www.finecobank.com) – "*Governance/Related Parties and Associated Persons*" section.



#### 4.5 Other executive directors

As at the date of approval of this Report, no other Directors had been granted management powers other than the Managing Director and General Manager.

#### 4.6 Independent directors

At the date of approval of this Report, the Board of Directors had ten independent Directors pursuant to the Corporate Governance Code.

Subject to the provisions of Paragraph 4.2 above regarding the procedures and timing for verifying the independence of directors, the Board of Directors pursuant to Article 144-*novies*, paragraph 1- *bis*, of the Issuer Regulations and Application Criterion 3.C.4. of the Corporate Governance Code, determined, at the first available opportunity after their appointment (i.e. the meeting of May 11, 2020), that each of the non-executive Directors satisfied the requirements of independence, and published the results of its determinations in a press release to the market on the same date.

With regard to Mr. Andrea Zappia, this verification was also carried out by the Board of Directors at the meeting held on January 15, 2020, following the opinion from the Corporate Governance, Appointments and Sustainability Committee held on the same date, at the time of his co-optation pursuant to Article 2386 of the Civil Code. The results of the above assessment were confirmed by the Board of Directors on February 25, 2020, following the Shareholders' Meeting that appointed Mr. Andrea Zappia as a Director of the Bank.

In performing the above assessments, the Board of Directors applied (among others), all the criteria envisaged by the Corporate Governance Code, as referred to in FinecoBank's Articles of Association.

In this regard, and with particular regard to the independence requirements referred to in the Corporate Governance Code and the Articles of Association, information on the direct or indirect relationships (loans, significant positions held, work as a paid employee and business/professional relations) of Board Directors with FinecoBank and the former parent company UniCredit (if applicable), was considered.

During the Year, in order to allow the Board of Directors to carry-out the above-mentioned assessment, each Director was asked to make a personal updated assessment of their independence status, taking into account the criteria set out in Articles 147-*ter*, paragraphs 3 and 4, and 148 paragraphs 3 and 4 of the TUF and Article 3 of the Corporate Governance Code, providing a specific declaration to that effect.

To verify the significance of the above relationships, the Board of Directors decided to not only identify the financial parameters which "automatically" compromise independence if they are exceeded, but also to perform an overall assessment of the personal and objective aspects. To that end, the following criteria were identified: (i) the nature and characteristics of the relationship; (ii) the amounts of transactions in absolute and relative terms; (iii) the personal profile of the relationship.

In assessing the significance of the relationship, the Board considered the following information, where available:

- (a) for loans, the amount in absolute terms of the loan granted, its impact in relation to the system data and, where necessary, the financial status of the borrower;



(b) for professional/business relations, the characteristics of the transaction/relationship, the amounts involved and, where necessary, the financial status of the counterparty.

In both cases, the parties involved (director or family member; FinecoBank) were considered, and for relationships with companies/entities, the type of “connection” with the director or family member (position held/controlling interest) was taken into account.

In view of the above, and as part of the verification process following the renewal of the Board of Directors by the Shareholders’ Meeting of April 28, 2020, the Board verified on May 11, 2020<sup>19</sup> the satisfaction of independence requirements declared by Board Directors. In particular, for the Directors for whom information obtained indicated the existence of the above relationships, the Board considered that the relationships were not of an extent that could affect the satisfaction of independence requirements declared.

The results of the verification were as follows:

- *Independent directors pursuant to Article 148 of the TUF and Article 3 of the Corporate Governance Code:* Francesco Saita, Patrizia Albano, Elena Biffi, Giancarla Branda, Paola Giannotti De Ponti, Marin Gueorguiev, Gianmarco Montanari, Andrea Zappia and Maria Alessandra Zunino de Pignier;
- *Independent director pursuant to Article 148 of the TUF:* Marco Mangiagalli;
- *Non-independent director pursuant to Article 148 of the TUF and Article 3 of the Corporate Governance Code:* Alessandro Foti.

The Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board of Directors for assessing the independence of its members.

In line with Application Criterion 3.C.6. of the Corporate Governance Code, the independent directors met on December 15, 2020<sup>(20)</sup> to mainly discuss corporate governance matters.

In 2021, the Board carried out the annual verification of satisfaction of independence requirements on March 16 applying the New Corporate Governance Code. This meeting also verified the independence of Ms. Alessandra Pasini, appointed on that date to replace Mr. Zappia<sup>(21)</sup>.

The results of the verification were as follows:

- *Independent directors pursuant to Article 148 of the TUF and Article 2 of the new Corporate Governance Code:* Marco Mangiagalli, Francesco Saita, Patrizia Albano, Elena Biffi, Giancarla Branda, Paola Giannotti De Ponti, Marin Gueorguiev, Gianmarco Montanari, Maria Alessandra Zunino de Pignier and Alessandra Pasini (co-opted by the Board of Directors on March 16, 2021, pursuant to Article 2386 of the Civil Code);
- *Non-independent director pursuant to Article 148 of the TUF and Article 2 of the Corporate Governance Code:* Alessandro Foti.

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<sup>(19)</sup> See the Press Release issued on May 11, 2020, available on the website [www.finecobank.com](http://www.finecobank.com), “Corporate/Investor” section.

<sup>(20)</sup> With the exception of the Chairman of the Board of Directors who, pursuant to the previous Corporate Governance Code, is not considered independent.

<sup>(21)</sup> See the Press Release issued on March 16, 2021, available on the website [www.finecobank.it](http://www.finecobank.it) “Corporate/Investors” section.

The Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board of Directors for assessing the independence of its members.

#### **4.7 Lead Independent Director**

As the Code does not establish provisions for the appointment of this position, the Board of Directors has not appointed any independent Director as lead independent director <sup>(22)</sup>.

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<sup>(22)</sup> In accordance with Application Criterion 2.C.4. of the Corporate Governance Code, the Board of Directors appoints an independent director as the lead independent director in the following cases: *(i)* if the chairman of the board of directors is the chief executive officer of the company; *(ii)* if the office of chairman is held by the person that controls the issuer; *(iii)* if the issuer is part of the FTSE-Mib index when requested by the majority of independent directors.

## 5. PROCESSING OF COMPANY INFORMATION

In compliance with Stock Exchange Regulations and accompanying Instructions, as well as relevant provisions of the TUF and Issuer Regulations, which require Directors and Statutory Auditors to maintain the confidentiality of documents and information acquired in performing their duties, the Corporate Bodies Regulations require the Board of Directors to establish procedures for the internal management and disclosure of documents and information on the Company, also with regard to inside information.

The Bank has adopted a procedure for the processing of relevant inside information pursuant to the EU Regulation no. 596 of April 16, 2014, on market abuses (the “**Market Abuse Regulation**” or “**MAR**”) and the related implementing law and guidelines (e.g. Consob Guidelines on the Management of inside information of October 13, 2017) (the “**Procedure for processing Relevant Inside Information**” or the “**Procedure**”).

The aim of the Procedure for processing Relevant Inside Information is to prevent the processing of such information (as defined below) in a manner, which is not untimely, incomplete or inadequate and in any event that may result in asymmetrical disclosure to the public.

In particular, the management and disclosure of Relevant Inside Information, as regulated by the above-mentioned Procedure, protects the market and investors, providing them sufficient knowledge of matters concerning the Issuer, on the basis of which they may make investment decisions.

The Procedure for processing Relevant Inside Information also aims to prevent certain persons or categories of persons from acquiring information that is not in the public domain, in order to carry out speculative transactions on markets to the detriment of investors that do not have access to that information.

The Procedure describes the process for assessing and disclosing relevant inside information, as well as the requirements for managing the List of Persons who have access to this information (the “**FinecoBank Insider List**”).

The Procedure regulates the management of company information (meaning all information and data concerning FinecoBank and/or other Group companies, which is not in the public domain, acquired by persons required to comply with the Procedure, in performing their duties), with particular regard to (i) relevant information, which is specific information, not available to the public and concerning data, events, projects or circumstances that in any way refer to FinecoBank and that could, also at a later stage, become inside information and (ii) inside information.

It establishes, firstly, the obligation for all persons that perform activities within the Group to keep company information acquired in performing their duties confidential and to use that information exclusively for carrying out their duties.

The Procedure for processing Relevant Inside Information currently:

- (a) assigns responsibility for assessing whether information is classified as inside information, also for the purpose of disclosure to the public, to the Chief Financial Officer of FinecoBank assisted by the heads of the Legal and Corporate Affairs Department and Compliance, for the areas in their remit.

In particular, the Procedure for processing Relevant Inside Information establishes that anyone who believes that they are in possession of relevant and/or inside information must promptly report this circumstance to the FinecoBank CFO so that an assessment of the inside nature of the information disclosed can be carried out and the necessary measures

can be adopted to correctly manage the information, including its prompt disclosure to the market, where applicable;

- (b) adopts effective measures to ensure the confidentiality of information until it is disclosed to the public.

To this end, FinecoBank has established a “*List of persons who have access to inside information*” which is price sensitive, as regards the Company’s shares, in compliance with the applicable regulations. It has also established a process to add data to, update and maintain the List, identifying the Compliance Officer of the Company as the person responsible for managing the FinecoBank Insider List;

- (c) assigns responsibility to FinecoBank’s CFO (assisted by the heads of the Legal and Corporate Affairs Department and Compliance) for assessing the public disclosure of information about the Company and the appropriateness of delaying the public disclosure of Inside Information, in the cases specifically identified by the Procedure for processing Inside Information;
- (d) assigns responsibility to FinecoBank’s CFO and Head of Identity & Communications for preparing press releases in which Inside Information is disclosed, assisted by the Company units involved;
- (e) provides for the publication of the press releases, subject to approval from the Managing Director of the Issuer, via the “*eMarket-SDIR*” system, to Borsa Italiana and Consob.

Press releases are published on the Company’s website before the opening of the market on the day after disclosure and are available on the site for at least five years from publication.

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In compliance with provisions set forth in Article 114, paragraph 7 of the TUF and Article 152-*quinquies.1* and following of the Issuer Regulations, and in order to reflect changes in regulations resulting from the entry into force of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, as amended by Article 56 of Regulation (EU) 2016/1011 – on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC – the related Delegated Regulations ( 2016/522 and 2016/523), the Board of Directors approved the current version of the Code of conduct on internal dealing on January 10, 2018. This Code regulates the management, processing and disclosure of information relating to transactions on FinecoBank’s listed shares and debt instruments (and on the derivatives and financial instruments connected to them) undertaken by insiders and by persons strictly related to them (the “**Internal Dealing Code**”). This procedure regulates the disclosure obligations to be complied with and the conduct to be observed by the above persons and by FinecoBank in order to ensure maximum transparency in disclosure to the market.

The main aim of the Internal Dealing Code is to improve transparency and uniformity in the disclosure relating to financial transactions undertaken by the above persons, to give investors an idea of how those persons perceive the prospects of the company and/or the group it belongs to. The Code does not therefore directly address whether significant persons have acquired confidential information and used that information unlawfully (conduct which constitutes the offence of insider trading), assuming that the undertaking of certain financial transactions by particular persons considered “*significant*” (i.e. by persons that, due to their position, are able to acquire information on matters of the company and the group it belongs to), is, in of itself, price sensitive.

The Internal Dealing Code identifies “*Significant Persons*” and “*Closely-Related Persons*” to the Significant Persons in compliance with the Issuer Regulations and establishes that “*Material Transactions*” (as such therefore subject to the disclosure obligations of the Internal Dealing Code) are transactions concerning the purchase, sale, subscription or exchange of shares and debt instruments issued by FinecoBank (admitted to trading – or for which an application has been made for admission to trading – on a regulated market or an MTF), or derivatives or other financial instruments linked to those instruments carried out by the above persons, directly or through intermediaries, trusts or subsidiaries. The Internal Dealing Code also identifies certain types of transactions which are exempt from the disclosure obligations.

The Internal Dealing Code also contains regulations on the management, processing and disclosure of information relating to those transactions. To this end it governs the:

- (a) disclosure obligations of Significant Persons to the Company;
- (b) disclosure obligations of Significant Persons and the Company to Consob;
- (c) cases in which Significant Persons are prohibited from or limited in undertaking transactions on financial instruments.

In compliance with the Internal Dealing Code, the Bank’s Compliance Officer is the Officer Responsible for providing information to the public and to Consob with regard to notices received from Significant Persons.

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

As at the date of approval of this Report (in compliance with the Supervisory Regulations and the Corporate Governance Code) four Board committees were established, with examining, advisory, decision-making and coordination functions: (i) a Risk and Related Parties Committee; (ii) a Remuneration Committee; (iii) an Appointments Committee; and (iv) a Corporate Governance and Environmental and Social Sustainability Committee (together, the “Committees”).

The current configuration of the Board Committees was approved by the Board of Directors at its meeting on April 28, 2020, in line with the recommendation made by the outgoing Board in the 2020 Qualitative/Quantitative Profile. Up to that date, there were three committees within the Board: (i) a Risk and Related Parties Committee; (ii) a Remuneration Committee; and (iii) a Corporate Governance, Appointments and Sustainability Committee.

None of the functions assigned to board committees by the Corporate Governance Code has been assigned to the Board of Directors, either in the current configuration or the one in the previous mandate. As at the date of this Report, none of the Committees performs the functions of two or more committees envisaged by the Corporate Governance Code <sup>(23)</sup> and the functions are not spread across various committees in a way that differs from the provisions of the Code. The members of the Committees are chosen based on their expertise and their availability to perform the task.

Unless a shorter term of office is established upon their appointment, Committee members remain in office for the same time as the Board in which they are members. They may resign from their position in the Committees, without resigning from the Board of Directors.

If, a member ceases to hold the position for any reason, the Board of Directors will replace that member. The expiry of the new member’s term of office is the same as 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.

The Committees meet on a regular basis and whenever required as a result of particular needs. The Committee meetings are considered duly 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 business days in advance. The notice of meeting, which may also be sent via fax or email by the Chairman via the Secretary of each Committee, must include the details of the place, date and time of the meeting, as well as the items on the agenda to be discussed. In cases of urgency, determined by the Chairman of each Committee, the meetings may be held with one day’s notice. Committees may meet validly, even if they have not been called in advance, if all their members are present.

Except in cases of urgency, the documentation in support of proposals, and any information needed for the members of the Committees to express an informed opinion on the matters under discussion, are made available at least three 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

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<sup>(23)</sup> In compliance with the Consob instructions and guidelines contained in Communication no. DEM/10078683 of September 24, 2010, in order to adopt the Related Parties Regulations, the Company has assigned its audit committee the functions of the related-parties committee in accordance with the Corporate Governance Code.

also receive, send and view documents. The Secretary, who is not necessarily a Committee member, or if absent or incapacitated, a person appointed by the chairman of the meeting to replace the secretary, takes minutes of the meeting, which will include among others, the reasons for any disagreement expressed by Committee members. The Secretary retains the minutes of the meeting for consultation by Committee members who did not attend the meeting, as well as the Directors and Statutory Auditors.

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

Each Committee is allocated adequate funds to perform its duties within the limits of the budget approved by the Board of Directors, sufficient to guarantee operational independence, which may be supplemented to meet specific needs. The Committees may engage external advisors.

The Shareholders' Meeting determines the annual fees for Committee members and a fee for attending committee meetings. To perform their duties, the Committees are given adequate instruments and information from the relevant functions, to enable them to make their assessments. They also have access to the relevant company information.

On the invitation of the Chairman of each Committee, the meetings – taking into account the items on the agenda in each case – may be attended by the Managing Director and General Manager, the other Directors, the Deputy General Managers, the Financial Reporting Officer and members of Company and Group personnel. Subject to the right of the Statutory Auditors to attend the meetings, or the rules applicable to the Risk and Related Parties Committee, the Chairman of each committee can invite the Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by him/her.

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

Where the Committees are called on to express their opinion on urgent matters within their remit, the Chairman of each Committee, after having acknowledged the urgency of the situation and having established that the majority of or all the 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 event, this notification must be made no later than the day after the Chairman of the Committee has received notice of the unavailability of the majority of or all the members. The Chairman of the Board of Directors, after consulting with the Managing Director and General Manager to evaluate the urgency of the decision, immediately restores the presence of the number of independent directors established for the composition of the Committee by designating another independent member of the Board of Directors, after having contacted him/her. With regard to the Risk and Related Parties Committee, the above-mentioned rules apply to transactions with persons in potential conflict of interest pursuant to the Global Policy, the completion of which is urgent and for which the Risk and Related Parties Committee's action is required during the negotiations and the preliminary analysis and/or when issuing the opinion. The above also applies if the unavailability of the majority is due to the resignation of a member of the Committee.

The committees established within the Board of Directors are described in Paragraphs 7, 8, 9 and 10.

## 7. RISK AND RELATED PARTIES COMMITTEE

The Risk and Related Parties Committee was established on June 17, 2008, as the “Audit Committee”. Over the years, the original name of the Committee, its structure and duties have changed, in line with developments in the legal and regulatory framework and with industry best practice. By resolution of April 11, 2017, the Board of Directors established an internal controls and risks committee, to oversee transactions with related parties and with associated persons, pursuant to the Related Parties Regulations, called the “*Risk and Related Parties Committee*”. This committee has the functions and powers envisaged in the applicable Supervisory Regulations on Corporate Governance and the Corporate Governance Code.

The functions that the Corporate Governance Code assigns to the Control and Risks Committee have been assigned to the Risk and Related Parties Committee.

In compliance with provisions in Application Criterion 4.C.1 of the Corporate Governance Code, the composition, functioning, organisation and activities of the Risk and Related Parties Committee are governed in the Corporate Bodies Regulations.

### 7.1. Composition

The Board of Directors appointed members of the Risk and Related Parties Committee on April 28, 2020; all of its members are non-executive and independent Directors.

Furthermore, in accordance with Principle 7.P.4 of the Corporate Governance Code, under which at least one member of the committee is required to have adequate experience in accounting and finance or risk management, the Board of Directors established that all members of the Risk and Related Parties Committee, on their appointment, met the above requirements, and more in general, had the knowledge, expertise and experience to fully understand and monitor the Bank’s risk strategies and guidelines.

By resolution of April 28, 2020, the Board of Directors decided to increase the number of members of the Risk and Related Parties Committee from three to five, in accordance with the recommendation of the outgoing Board of Directors, which had considered it appropriate to increase the number of members of this Committee in light of the increased activity in the area of risk, in view of the Bank’s new role as a Parent Company.

As at the date of approval of this Report, the composition of the Risk and Related Parties Committee was as follows:

Name	Executive	Non-executive	Indep. code	Indep. TUF	% (*)	(**)
Francesco Saita		X	X	X	11/11 (100%)	C
Paola Giannotti De Ponti		X	X	X	10/11 (91%)	M
Elena Biffi		X	X	X	11/11 (100%)	M



Maria Alessandra Zunino de Pignier		X	X	X	11/11 (100%)	M
Marin Gueorguiev		X	X	X	11/11 (100%)	M
----- Members leaving office during the year-----						
N.A.						
<b>No. of Committee meetings from April 28, to December 31, 2020: 11</b>						
(*) This column shows the percentage attendance at Committee meetings (no. of attendances/no. of meetings held during actual period office of the person concerned during the Year) with effect from April 28, 2020.						
(**) This column shows the position of the director on the Committee (“C”: Chairman; “M”: member).						

All the members of the Risk and Related Parties Committee will end their term of office at the time of the next Shareholders’ Meeting called to approve the Financial Statements as at December 31, 2022.

\* \* \*

The composition of the Risk and Related Parties Committee up to April 28, 2020, is shown in the summary table below:

Name	Executive	Non-executive	Indep. code	Indep. TUF	% (*)	(**)
Francesco Saita		X	X	X	6/6 (100%)	C
Gianmarco Montanari		X	X	X	6/6 (100%)	M
Maurizio Santacroce		X	X	X	6/6 (100%)	M
----- Members leaving office during the year-----						
N.A.						
<b>No. of Committee meetings relating to the Year up to April 28, 2020: 6</b>						
(*) This column shows the percentage attendance at Committee meetings (no. of attendances/no. of meetings held during actual period office of the person concerned during the Year) relating to the Year and up to April 28, 2020.						
(**) This column shows the position of the director on the Committee (“C”: Chairman; “M”: member).						



## 7.2. Functioning

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

If the Chairman is absent or incapacitated, the oldest member of the Committee acts as Chairman.

The Financial Reporting Officer, the Head of Internal Audit Function, the Chairman of the Board of Statutory Auditors, a Statutory Auditor nominated by the former, the Head of the Compliance function, and the Chief Risk Officer may attend meetings of the Committee. Directors and senior managers of the Company may also be requested to take part in meetings for specific matters, as well as external auditors.

The Chairman of the Board of Directors and the Managing Director and General Manager of the Company may take part in meetings.

With regard 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 Risk and Related Parties Committee must be different from the counterparty and its related parties.

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 Risk and Related Parties Committee and refrain from taking part in any further business of the Committee that refers to that transaction.

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

## 7.3. Duties and Responsibilities

The duties assigned to the Risk and Related Parties Committee up to December 31, 2020, are detailed below<sup>24</sup>.

The role of the Committee is to provide information, advice, make proposals and enquiries, based on a risk-oriented approach, in defining guidelines for the entire internal control system, and to assess its effectiveness and efficiency, so that main risks are properly identified and appropriately measured, managed and monitored, subject to the Board of Directors' power to make all relevant decisions.

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

The Committee's mission also includes evaluating the correct use of accounting standards in preparing financial statements and their consistency for the purposes of preparation of the

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<sup>(24)</sup> On December 15, 2020, the Bank adopted the new Corporate Governance Code, with effect from January 1, 2021. At that time, the Bank approved changes to align its corporate governance structure by means of amendments to the Corporate Bodies Regulations. As required by the Corporate Governance Code, those amendments will be disclosed in the Corporate Governance Report for the year 2021. The new Corporate Bodies Regulations are available on the Issuer's website [www.finecobank.com](http://www.finecobank.com) ("Governance/Company Positions" section).

consolidated financial statement, as well as overseeing the effectiveness of audits and the activities of external auditors.

The Committee is also responsible for transactions with related parties and associated persons in accordance with the Related-Party Regulations, pursuant to the applicable Supervisory Regulations, as well as transactions with other persons in potential conflict of interest in accordance with the Global Policy.

The Risk and Related Parties Committee, among other things:

- (a) identifies and proposes to the Board of Directors, the Compliance, Internal Audit and Risk Management Officers to be appointed and revoked, with the aid of the Appointments Committee;
- (b) provides opinions on specific aspects relating to the identification of key corporate risks, which is also carried out through the annual process of definition of the RAF;
- (c) helps identify internal control system guidelines, based on a risk-oriented approach, so that the main risks concerning the Company and the Group are correctly identified and adequately measured, managed and monitored, making assessments and recommendations to the Board of Directors on compliance with the principles governing the internal controls and business organisation system, and the requirements to be met by the Compliance, Internal Audit and Risk Management functions, bringing any weaknesses and consequent corrective actions required to the attention of the Board;
- (d) reports to the Board of Directors, at least every six months, when the annual financial statements and the half-yearly financial statements are approved, on the activities carried out and the adequacy of the Company's Internal Control and Risk Management System;
- (e) performs a prior examination of the activity schedules (including the Internal Audit plan) and the annual reports of the Compliance, Internal Audit and Risk Management functions that are submitted to the Board;
- (f) monitors the independence, adequacy, effectiveness and efficiency of the Internal Audit function;
- (g) examines the periodic reports and audit reports produced by the Internal Audit function and evaluates any findings, monitoring the elimination of reported deficiencies/irregularities, the implementation of the proposed remedies and the adoption of any recommendations;
- (h) carries out appropriate preliminary activities to support the assessments and decisions of the Board of Directors regarding the management of risks arising from detrimental events that come to the knowledge of the Board of Directors;
- (i) contributes, through assessments and opinions, to defining the company policy on outsourcing of control functions;
- (j) verifies that the Compliance, Internal Audit and Risk Management functions comply precisely with the instructions and guidelines from the Board and assists the latter in preparing the coordination documents required by the Supervisory Regulations;
- (k) evaluates the proper use of accounting standards, together with the company financial reporting officer and the external auditors;
- (l) examines the process of preparing interim reports required by law, as well as the annual financial statements, based on reports from the competent functions;

- (m) evaluates applications made by the external auditors for the award of the audit engagement, including the amount of their fees;
- (n) supervises the Group auditing process, reviewing the work plan prepared for the audit, the results contained in the report and any letters of recommendations;
- (o) meets at least once a year with the external auditors;
- (p) examines reports received from the Board of Statutory Auditors, from the Supervisory Board pursuant to Legislative Decree no. 231 of June 8, 2001, and the Regulatory Authorities, assessing the findings and ensuring that any abnormal situations or deficiencies are remedied;
- (q) can ask the Internal Audit function 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 the Internal Control and Risk Management System Director;
- (r) delivers its opinion to the Board of Directors regarding the Corporate Governance Report, for the purpose of describing the Internal Control and Risk System and assessing its adequacy;
- (s) provides preliminary opinions (binding, where appropriate) on procedures for the identification and management of transactions with persons in potential conflict of interest carried out by the Company as well as the related changes;
- (t) provides preliminary, justified opinions, where expressly required, on the interest in completing transactions with persons in potential conflict of interest carried out by the Bank, or by its Subsidiaries<sup>(25)</sup>, and the appropriateness and substantial fairness of the related conditions;
- (u) in the case of material transactions with persons in potential conflict of interest carried out by the Bank or its Subsidiaries <sup>(26)</sup>, the Committee is involved – when it considers necessary, through one or more of its members – in the negotiation and preliminary phases, receiving complete and timely information flows, and may request information from and make observations to appointed bodies and persons in charge of conducting the negotiations or preliminary phase.

With particular regard to the tasks in matters of risk management and control, the Risk and Related Parties Committee provides support to the Board:

- in defining and approving strategic guidelines and risk management policies; in the context of the Risk Appetite Framework (RAF), the Risk and Related Parties Committee carries out the evaluation and proposal making activity required to ensure that the Board of Directors, as required by the Supervisory Regulations, can define and approve the risk objectives (“Risk Appetite”) and the risk tolerance threshold (“Risk Tolerance”);
- in verifying the correct adoption of risk governance strategies and policies and the Risk Appetite Framework (RAF);
- in defining policies and processes for evaluating company activities, including verification that the price and conditions of transactions with customers are consistent with the business model and risk strategies;

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<sup>(25)</sup> In accordance with the Global Policy.

<sup>(26)</sup> In accordance with the Global Policy.

- with regard to banking, financial, investment and insurance products, in relation to: (i) defining the process for approval of new products and services, commencement of new business and entry into new markets; (ii) approving and updating policies containing guidelines on Product Governance requirements; (iii) monitoring the process of governance of financial instruments, using the reports from the Compliance function, which systematically include information about the financial instruments produced by the intermediary, and the distribution strategy.

Subject to the responsibilities of the Remuneration Committee, the Risk and Related Parties Committee is involved in identifying the Bank's key personnel (in accordance with the EBA guidelines of June 27, 2016 "*on sound remuneration policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013*", section 101) and ensures that the incentives underlying the remuneration and incentive system are consistent with the RAF, particularly considering capital and liquidity risks.

The Risk and Related Parties Committee and Board of Statutory Auditors exchange all information of mutual interest and, where appropriate, coordinate to perform their respective duties.

#### 7.4. Activities performed

During the Year, the Committee carried out the duties assigned to it by the Board of Directors, performing an advisory role for matters concerning the internal control and risk management system.

The Committee met seventeen times. The average duration of the meetings was three hours, which examined the results of activities carried out by the control functions (audit, compliance and risk management) by analysing the quarterly reports prepared by the functions. Minutes of each meeting were taken by the designated Secretary.

In particular, the Committee monitored the progress of the plan for the internalisation of activities and services approved by the Bank's Board of Directors following UniCredit's decision to sell its controlling interest in FinecoBank on the market. This monitoring formed part of a set initiatives aimed at developing the Bank's business model in its new role as an independent entity and focused in particular on verifying the impact of the corporate transaction on FinecoBank's risks and internal control system.

In this regard, the Committee verified the progress of the gap analyses conducted to identify any additional needs in terms of staffing, processes and functions necessary to ensure the Bank's business continuity during the transitional phase and the subsequent phase of operational independence.

Particular attention was paid to the process of identifying the human resources needed to adequately structure the control functions (audit, risk management and compliance) during 2020, with specific regard to the qualitative and specialist aspects.

In relation to the outbreak of the Covid-19 health emergency, the Committee verified that the organisational risk containment measures put in place by management and the periodic monitoring set up to deal with possible stress situations (e.g. liquidity) were properly controlled, in order to direct appropriate containment/management measures. During the first half of the year, the Committee reviewed the documents prepared for compliance with the ICAAP, ILAAP and Recovery Plans, and duly directed the supplementation and updating of these documents required as a result of the Covid-19 emergency. The Committee also reviewed the reports submitted by the

control functions. Special attention was given to anti-money laundering compliance and improvement measures resulting from the gap analysis conducted on the new (supervisory implementation) provisions issued in July 2019 by the Bank of Italy on customer due diligence and, in March 2020, on the retention and use of documents and information. In this context, the Committee devoted part of its meetings to specifically analysing aspects considered to be of particular importance, including the drafting of a detailed action plan specifying the workaround solutions identified to reduce the time needed to complete the actions necessary to ensure regulatory compliance; the establishment of adequate technical and organisational measures (including the communication plan for customers and the personal financial advisors network) for the acquisition and management of supplementary information from customers; and the implementation of rigorous monitoring of all the planned actions to ensure compliance with the timeline established by the management.

During the first half of the year, the Committee also reviewed the administration and accounting procedures, as well as the accounting standards used to prepare the 2019 Financial Statements (meeting with the external auditors, for this purpose), and the Corporate Governance Report submitted to the Board of Directors on March 12, 2020. Other matters that the Committee focused on during the first half of the year included: the initiation of the procedure for the identification of additional capital requirements (P2R – Pillar 2 Requirement and P2G – Pillar 2 Guidance) for the FinecoBank Group as a result of the “SREP” (Supervisory Review Evaluation Process); the development of Product Governance policies – providing ideas and suggestions for improvement aimed at providing a clearer definition of the correct division of responsibilities between the supervisory body (responsible for exercising effective control over the governance process for financial instruments adopted by the intermediary) and the management functions (responsible for implementing that process); the assessment of the possible short-term impact of Brexit on the Bank’s operations in the UK and the measures it has taken in relation to this event; and the examination of requests from the Supervisory Authorities.

With regard to the latter, special attention was given to the analysis resulting from (i) the initiation by the Italian Antitrust Authority of proceedings on misleading and comparative advertising, unfair commercial practices and violation of consumer rights in relation to the publication of a claim on the Bank’s website for the offer of the current account service at “zero cost forever”, as well as (ii) the request from CONSOB for information, data and documents in accordance with Article 187-*octies*, paragraph 3, letter a), of Legislative Decree no. 58/1998 in relation to the investigation on the FinecoBank shares initiated concerning the information provided in the joint press release issued with UniCredit on May 7, 2019.

During the second half of the year, the Committee monitored the progress of the projects for alignment to the rules introduced by the Fourth and Fifth Anti-Money Laundering Directives and the progress of the monitoring of the plan for the internalisation of activities and services approved by the Board of Directors following the sale by UniCredit of its controlling interest in FinecoBank, with particular attention to the progress of the activities necessary to ensure the operational continuity of the Bank’s control functions. Also in relation to the exit from the UniCredit group, the Committee dedicated a special meeting to the presentation of the new methods for the calculation of economic capital and the consequent use of new external providers or internal models developed by the Bank.

Lastly, the Committee provided a specific opinion on the organisational solutions identified by the Company’s management to address the shortcomings identified by the Bank of Italy in its organisational structure with respect to the function responsible for risk control activities (Risk Management) and the function responsible for the assessment/disbursement of loans (Lending).



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In this context, the Committee assessed *(i)* the adequacy of the solution of functional separateness between the functions identified, and *(ii)* the analysis carried out by the Compliance Function in relation to the proposed actions, expressing its opinion in favour of the submission of those proposals to the Board of Directors for approval.

Twenty meetings of the Committee have been scheduled for the current year, five of which have already been held.

## 8. REMUNERATION COMMITTEE

On April 28, 2020, the Board of Directors appointed the members of the current Remuneration Committee, who are all executive, independent Directors pursuant to the TUF and the Corporate Governance Code, and have adequate experience and expertise as assessed and ascertained by the Board of Directors on their appointment.

Further to the information already provided Paragraph 6 above, as at the date of approval of this Report, the composition of the Remuneration Committee was as follows:

Name	Executive	Non-executive	Indep. code	Indep. TUF	% (*)	(**)
Gianmarco Montanari		X	X	X	9/9 (100%)	C
Giancarla Branda		X	X	X	9/9 (100%)	M
Paola Giannotti De Ponti		X	X	X	9/9 (100%)	M
----- Members leaving office during the year -----						
N.A.						
No. of Committee meetings from April 28, to December 31, 2020: 9						
(*) This column shows the percentage attendance at Committee meetings (no. of attendances/no. of meetings held during actual period office of the person concerned during the Year) with effect from April 28, 2020.						
(**) This column shows the position of the director on the Committee (“C”: Chairman; “M”: member).						

All the members of the Remuneration Committee will end their term of office at the time of the next Shareholders’ Meeting called to approve the Financial Statements as at December 31, 2022.

For the additional information required regarding the establishment, duties and functioning of the Remuneration Committee see: (i) the section “*Remuneration Committee*” of the report published in the “2020 Annual Report on Remuneration” published in accordance with Article 123-ter of the TUF, Article 84-*quater* of the Issuer Regulations and the provisions in Title IV, Chapter 1, Table 15 of Bank of Italy Circular no. 263; and (ii) the Corporate Bodies Regulations (Part B, § 1.2.).

The duties assigned to the Remuneration Committee up to December 31, 2020, are described below<sup>(27)</sup>:

- (i) presenting proposals or issues opinions to the Board for the definition of a general remuneration policy for the Managing Director, the General Manager, the other directors with

<sup>(27)</sup> On December 15, 2020, the Bank adopted the new Corporate Governance Code, with effect from January 1, 2021. At that time, the Bank approved changes to align its corporate governance structure by means of amendments to the Corporate Bodies Regulations. As required by the Corporate Governance Code, those amendments will be disclosed in the Corporate Governance Report for the year 2021. The new Corporate Bodies Regulations are available on the Issuer’s website [www.finecobank.com](http://www.finecobank.com) (“*Governance/Company Positions*” section).



strategic responsibilities and key personnel, to enable the Board to prepare the Report on Remuneration to be submitted to the annual Shareholders' Meeting and periodically assess the suitability, overall consistency and effective application of the general remuneration policy approved by the Board;

(ii) presenting proposals or issues opinions to the Board regarding the overall remuneration of the Managing Director, the General Manager, the other directors with strategic responsibilities and key personnel, and for determining criteria for the remuneration of the Company's senior management, including the performance targets related to the variable component of the remuneration;

(iii) monitoring the implementation of the decisions adopted by the Board and verifies the achievement of the performance targets;

(iv) examining any share-based or cash incentive plans for the employees and the personal financial advisors of the Company and strategic staff development policies;

(v) directly overseeing the proper application of remuneration rules for managers of corporate control functions, in close conjunction with the control body;

(vi) working together with the other Board committees, in particular the Risk and Related Parties Committee, which, in relation to the remuneration and incentive policies, examines whether the incentives provided by the remuneration system take into account risks, capital and liquidity, whilst ensuring that this does not affect the tasks assigned to the Remuneration Committee, as well as proper coordination with that committee;

(vii) ensuring the involvement of competent corporate functions in the process to prepare and check remuneration and incentive policies and practices;

(viii) providing opinions, also using information received from the competent corporate functions, on the results of the procedure for identifying key personnel, including any exclusions;

(ix) providing appropriate reporting on its activities to the corporate bodies, including the Shareholders' Meeting.

Twelve meetings of the Committee have been scheduled for the current year, three of which have already been held.

\* \* \*

The composition of the Remuneration Committee up to April 28, 2020, is summarised in the table below:

Name	Executive	Non-executive	Indep. code	Indep. TUF	% (*)	(**)
Gianmarco Montanari		X	X	X	6/6 (100%)	C
Elena Biffi		X	X	X	6/6 (100%)	M
Enrico Cotta Ramusino		X		X	6/6 (100%)	M
----- Members leaving office during the year-----						
N.A.						
<b>No. of Committee meetings relating to the Year up to April 28, 2020: 6</b>						
(*) This column shows the percentage attendance at Committee meetings (no. of attendances/no. of meetings held during actual period office of the person concerned during the Year) relating to the Year up to April 28, 2020.						
(**) This column shows the position of the director on the Committee (“C”: Chairman; “M”: member).						

## 9. APPOINTMENTS COMMITTEE

The Appointments Committee was established on May 13, 2014, as the “Remuneration and Appointments Committee”. For reasons of efficiency and simplification of the governance structure, the Company had decided to make use of the option allowed by the Corporate Governance Code to combine the functions of its Appointments Committee and Remuneration Committee into one committee. However, in line with Supervisory Regulations on Corporate Governance, the Board of Directors, in the 2017 Qualitative/Quantitative Profile, recommended establishing two separate special Board committees for “appointments” and “remuneration”. By resolution of April 11, 2017, the Board of Directors established an independent committee for appointments, called the “Appointments Committee”. By subsequent resolution of March 1, 2018, the Board of Directors extended the duties of the Committee to include sustainability, consequently changing its name to “Appointments and Sustainability Committee”. By resolution of October 7, 2019, the Board of Directors also assigned the above-mentioned Committee the duties relating to corporate governance matters, changing its name to the “Corporate Governance, Appointments and Sustainability Committee”. Lastly, when preparing the 2020 Qualitative/Quantitative Profile for the appointment of the new corporate bodies by the Shareholders’ Meeting of April 28, 2020, the outgoing Board of Directors recommended that, unlike in previous terms of office, a special committee be set up with exclusive responsibility for sustainability (particularly in light of the importance this issue is also taking on for the financial and banking sector). Accordingly, by resolution of April 28, 2020, the Board of Directors separated the functions of the Corporate Governance, Appointments and Sustainability Committee by setting up two separate committees (one responsible for appointments and the other for sustainability and corporate governance), consequently changing the name of this Committee to the “Appointments Committee”.

### 9.1. Composition

On April 28, 2020, the Board of appointed the members of the current Appointments Committee, who are all executive, independent Directors pursuant to the TUF and the Corporate Governance Code, and have adequate experience and expertise as evaluated and ascertained by the Board of Directors on their appointment.

At the date of approval of this Report, the composition of the Appointments Committee was as follows:

Name	Executive	Non-executive	Indep. code	Indep. TUF	% (*)	(**)
Elena Biffi		X	X	X	5/5 (100%)	C
Patrizia Albano		X	X	X	5/5 (100%)	M
Gianmarco Montanari		X	X	X	5/5 (100%)	M
----- Members leaving office during the year -----						
N.A.						

<b>No. of Committee meetings from April 28, 2020: 5</b>
(*) This column shows the percentage attendance at Committee meetings (no. of attendances/no. of meetings held during actual period office of the person concerned during the Year) with effect from April 28, 2020.
(**) This column shows the position of the director on the Committee (“C”: Chairman; “M”: member).

All the members of the Appointments Committee will end their term of office at the time of the next Shareholders’ Meeting called to approve the Financial Statements as at December 31, 2022.

\* \* \*

The composition of the Corporate Governance, Appointments and Sustainability Committee up to April 28, 2020, is summarised in the table below:

Name	Executive	Non-executive	Indep. code	Indep. TUF	% (*)	(**)
Elena Biffi		X	X	X	10/10 (100%)	C
Patrizia Albano		X	X	X	10/10 (100%)	M
Francesco Saita		X	X	X	10/10 (100%)	M
----- Members leaving office during the year-----						
N.A.						
<b>No. of Committee meetings relating to the Year up to April 28, 2020: 10</b>						
(*) This column shows the percentage attendance at Committee meetings (no. of attendances/no. of meetings held during actual period office of the person concerned during the Year) relating to the Year up to April 28, 2020.						
(**) This column shows the position of the director on the Committee (“C”: Chairman; “M”: member).						

## 9.2. Functioning

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

### 9.3. Duties and Responsibilities

The duties assigned to the Appointments Committee up to December 31, 2020, are described below<sup>28</sup>. This Committee has been assigned the duties and responsibilities in accordance with the Supervisory Regulations and the Corporate Governance Code. Specifically, the Appointments Committee has an advisory role assisting the Board with the following:

- a) supporting the Board of Directors in the appointment and co-option of directors in accordance with the Supervisory Regulations;
- b) providing the Board with opinions on:
  - the drafting of policies for the appointment of the Company’s Directors;
  - the qualitative/quantitative profile required by the Supervisory Regulations, making proposals to the Board on the qualitative/quantitative composition of the Board of Directors considered optimal and the maximum number of positions held by Directors in other companies considered compatible with the effective performance of their duties in FinecoBank;
  - the appointment of the Managing Director and/or the General Manager and other key management personnel;
  - the formulation of succession plans for the Managing Director, the General Manager and the other key management personnel;
  - the selection of candidates to the position of FinecoBank Director, in the event of co-optation, and where lists are submitted by the Board, of candidates to the position of independent director to be submitted for the approval of the Shareholders’ Meeting of the Company;
  - the appointment, of members of Board Committees;
  - the various stages of the self-assessment process (see, Annex A to the Corporate Bodies Regulations);
- c) assisting the Risk and Related Parties Committee in the process for identifying and proposing the heads of the Compliance, Internal Audit and Risk Management control functions, to be appointed;
- d) supporting the Board of Directors in verifying the conditions set out in Article 26 TUB (requirements for corporate officers) and, in any case, in the applicable primary and secondary regulations in force (including the rules on interlocking directorates), as well as in the subsequent check of the qualitative/quantitative composition considered optimal and the actual composition resulting from the appointment process;
- e) issuing opinions to the Board of Directors concerning the appointment of corporate officers (i.e. members of the boards of directors, boards of statutory auditors and supervisory boards) at the subsidiaries.

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<sup>(28)</sup> On December 15, 2020, the Bank adopted the new Corporate Governance Code, with effect from January 1, 2021. At that time, the Bank approved changes to align its corporate governance structure by means of amendments to the Corporate Bodies Regulations. As required by the Corporate Governance Code, those amendments will be disclosed in the Corporate Governance Report for the year 2021. The new Corporate Bodies Regulations are available on the Issuer’s website [www.finecobank.com](http://www.finecobank.com) (“Governance/Company Positions” section).



As already mentioned, up to April 28, 2020, the Appointments Committee was also responsible for corporate governance and sustainability matters (Corporate Governance, Appointments and Sustainability Committee), details of which are provided in Section 10 below.

#### 9.4. Activities performed

During the Year 2020 (January to April 2020), the Corporate Governance, Appointments and Sustainability Committee met ten times. The Committee meetings, with minutes taken by the designated Secretary, lasted an hour and a half each on average two hours.

During the meetings, the Committee – on the basis of the necessary information and clarifications received from FinecoBank’s organisational units, and having taken note of the applicable regulations and the documentation supporting the proposals – was called upon to express its opinion, *inter alia*, concerning the: (i) verification of the eligibility requirements of the candidate to replace the Director Manuela D’Onofrio, (ii) appointment of a corporate representative of Fineco Asset Management DAC, (iii) updating of the positions of the corporate representatives, and (iv) verification of the eligibility of the lists submitted by the shareholders.

In the aforementioned period (January-April 2020), the Corporate Governance, Appointments and Sustainability Committee also supervised the process, already started in 2019 with the support of an external independent consultant, for the selection of candidates for the position of member of the Board of Directors, in the preparation of the list of the Board of Directors, for the resolutions by the 2020 Shareholders’ Meeting. In particular, the Committee carried out peer-to-peer reviews, interviewed candidates and issued opinions regarding: (i) the qualitative and quantitative composition of the Board of Directors of FinecoBank and the theoretical profile of the candidates for the renewal of the Board, and (ii) the drafting of the proposal regarding the list of the Board of Directors for the renewal of that body. For details of the corporate governance and sustainability matters submitted to the Committee during the above-mentioned period, see Section 10.4 below.

With regard to the Committee’s activities from May to December 2020, the Appointments Committee (as renamed following the establishment of the new Corporate Governance and Environmental and Social Sustainability Committee) met five times from the date of its establishment. The meetings of the Committee, with minutes taken by the designated Secretary, lasted on average one hour and twenty minutes.

During the meetings, the Committee – on the basis of the necessary information and clarifications received from FinecoBank’s organisational units, and having taken note of the applicable regulations and the documentation supporting the proposals – was called upon to express its opinion, *inter alia*, concerning the: (i) proposals for updating the Regulation on FinecoBank’s Corporate Bodies for the sections referring to the Committee; (ii) verification of satisfaction of requirements for the Corporate Officers; (iii) updates of the positions held by the Corporate Officers as notified from time to time; (iv) verification of satisfaction of the legal and regulatory requirements for the new Chairman of the Board of Statutory Auditors and the new Statutory Auditor, who took over following the resignation of the statutory auditors appointed by the Shareholders’ Meeting in 2020; (v) approval of the succession plans; and (vi) allocation of the budget for the Committee for the year 2021.

In addition, the proposal for the reorganisation of the Chief Risk Officer Department and the related appointments, with particular regard to the appointment of the new Head of FinecoBank’s Risk Management Function, was submitted to the Committee for preliminary examination. A

proposal to revise the policy concerning the general guidelines and procedures for the management of the officers to be appointed to the corporate bodies of the subsidiaries at Group level was also submitted to the Committee.

To support the Chairman of the Board of Directors, the Committee also supervised the work for the preparation of induction programmes and training plans for the members of the corporate bodies. In particular, the Committee carried out the preliminary examination for the selection of the external consultant to support the Board in preparing the training plan for the three-year period 2020-2023, analysed the questionnaire for the mapping of the matters considered to be of greatest interest and requiring further analysis, and assessed the results of the process of identifying the subject areas for the induction. The Committee (both in its role as the Corporate Governance, Appointments and Sustainability Committee and in its current role as the Appointments Committee), through its Chairman, had access to the information and the corporate functions necessary to carry out its tasks, with the aid of the Company's structures and external advisors where appropriate.

During the Financial Year, the Chairman of the Board of Statutory Auditors and the Statutory Auditors also attended the Committee meetings, at the invitation of the Committee. Managers and staff of the corporate functions, as well as external consultants, were also invited to attend meetings in relation to individual items on the agenda (for the Corporate Governance, Appointments and Sustainability Committee, the Chairman of the Board of Directors and the Financial Reporting Officer also attended the meetings).

Eleven meetings of the Committee have been scheduled for the current year, five of which have already been held.

## 10. CORPORATE GOVERNANCE AND ENVIRONMENTAL AND SOCIAL COMMITTEE

As already noted in Sections 6 and 9 above, the Board of Directors in office during the previous three-year period provided recommendations, ahead of the Shareholders' Meeting called to discuss the renewal of the corporate bodies among other matters, concerning the structure and composition of the board committees contained in the 2020 Qualitative/Quantitative Profile.

In accordance with those recommendations, the Board of Directors meeting of April 28, 2020, resolved to establish four committees, separating the functions of the former Corporate Governance, Appointments and Sustainability Committee. Specifically, in addition to the Risk and Related Parties Committee and the Remuneration Committee, the following committees were established: (i) an Appointments Committee and (ii) a Corporate Governance and Environmental and Social Sustainability Committee.

### 10.1. Composition

On April 28, 2020, the Board of Directors appointed the members of the current Corporate Governance and Environmental and Social Sustainability Committee, who are all executive, independent directors pursuant to the TUF and Corporate Governance Code, and have adequate experience and expertise as evaluated and ascertained by the Board of Directors on their appointment.

As at the date of approval of this Report, the composition of the Corporate Governance and Environmental and Social Sustainability Committee was as follows:

Name	Executive	Non-executive	Indep. code	Indep. TUF	% (*)	(**)
Maria Alessandra Zunino de Pignier		X	X	X	100% (8/8)	C
Patrizia Albano		X	X	X	100% (8/8)	M
Francesco Saita		X	X	X	100% (8/8)	M
----- Members leaving office during the year -----						
N.A.						
No. of Committee meetings from April 28, 2020: 8						
(*) This column shows the percentage attendance at Committee meetings (no. of attendances/no. of meetings held during actual period office of the person concerned during the Year) with effect from April 28, 2020.						
(**) This column shows the position of the director on the Committee (“C”: Chairman; “M”: member).						

All the members of the Committee will end their term of office at the time of the next Shareholders' Meeting called to approve the Financial Statements as at December 31, 2022.

For details of the number of meetings on corporate governance and sustainability matters held before April 28, 2020, see Section 9 above concerning the Appointments Committee, which, up to that date, also performed the functions of board committee responsible for those matters.



## 10.2. Functioning

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

## 10.3. Duties and Responsibilities

The duties assigned to the Corporate Governance and Environmental and Social Sustainability Committee up to December 31, 2020, are described below<sup>(29)</sup>. The Corporate Governance and Environmental and Social Sustainability Committee performs the functions of informing, advising and making proposals to the Board through the following:

- (i) providing opinions and support to the Board of Directors in defining FinecoBank's corporate governance system, the Group's corporate structure and models and guidelines on governance, and in that context it:
  - monitors changes in national and international regulations and best practice on corporate governance, providing updates to the Board of Directors when those changes are significant;
  - verifies 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 national and international best practice;
- (ii) makes proposals to the Board of Directors on adapting the corporate governance system, where necessary or appropriate;
- (iii) supervises the sustainability issues related to FinecoBank's operations and the interactions with all stakeholders; in particular, the Committee provides the following support to the Board:
  - monitoring the sustainable growth strategy of the Company and the Group over time, based on relevant international guidelines and principles;
  - contributing to assessing the risks linked to sustainability issues, and in particular, those that may be significant in the medium/long term (Application Criterion I.C.1. of the Corporate Governance Code);
  - examining and where necessary making proposals concerning plans, objectives, rules and company procedures on social and environmental issues, monitoring their implementation over time;
  - monitoring the positioning of the Company and the Group in relation to financial markets with respect to sustainability issues and relations with all the stakeholders;

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<sup>(29)</sup> On December 15, 2020, the Bank adopted the new Corporate Governance Code, with effect from January 1, 2021. At that time, the Bank approved changes to align its corporate governance structure by means of amendments to the Corporate Bodies Regulations. As required by the Corporate Governance Code, those amendments will be disclosed in the Corporate Governance Report for the year 2021. The new Corporate Bodies Regulations are available on the Issuer's website [www.finecobank.com](http://www.finecobank.com) ("Governance/Company Positions" section).

- examining the Non-Financial Statement pursuant to Legislative decree 254/2016 for the areas applicable to FinecoBank, to be submitted for approval by the Board of Directors.

#### 10.4. Activities performed

During the Year, the Committee met eight times from the date of its establishment. The meetings of the Committee, with minutes taken by the designated Secretary, lasted on average two hours.

During the meetings, the Corporate Governance and Environmental and Social Sustainability Committee – on the basis of the necessary information and clarifications received from FinecoBank’s organisational units, and having taken note of the applicable regulations and the documentation supporting the proposals – was called upon to express its opinion, *inter alia*, on the following: (i) proposals for updating the Regulation on FinecoBank’s Corporate Bodies (both those concerning the Corporate Governance and Environmental and Social Sustainability Committee, following the new structure of the board committees and, in particular, the establishment of that Committee, as resolved by the Board of Directors on April 28, 2020, and those concerning the approval and entry into force of the new Corporate Governance Code); and (ii) the document “*FinecoBank S.p.A. Corporate Governance Project*”, drawn up in accordance with the Supervisory Regulations and containing the description of the articles of association and internal organisation structures of the Bank and the Group (FinecoBank was asked to prepare Corporate Governance Project by the Bank of Italy in a letter dated October 24, 2019, following the Bank’s exit from the UniCredit Group).

In addition, the Committee oversaw the sustainability-related activities, verifying the updates provided by the competent internal structures on the initiatives undertaken by the Bank. In this regard, the Committee was constantly updated on the progress of the “*2020-2023 Sustainability Goals Plan*” and gave a positive opinion in relation to the list of material issues for FinecoBank presented by the Chief Financial Officer, recommending that the updates also be agreed with the Board of Directors. The information received by the Committee on sustainability-related activities included: (i) the progress of the project for FinecoBank’s environmental registration in accordance with EMAS Regulation no. 1221/2009, which included the drafting of the Group’s first Environmental Policy, which received a favourable assessment from the Committee before being approved by the Board; (ii) the enactment and entry into force of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector; (iii) the results of a benchmark analysis regarding the ESG goals for the incentive plans and the related scenarios proposed for the Company’s 2021-2023 LTI plan. Specific information was also provided in relation to the feedback received from rating agencies concerning the certifications and scores obtained by the Bank in the area of sustainability, the initiatives to promote financial education carried out by FinecoBank, and the initiatives implemented for employees and members of corporate bodies to deal with the COVID-19 health emergency, as well as the solidarity projects in the charity campaign for the year 2020.

A number of policies on social sustainability issues were also submitted to the Committee, such as the Global Policy on Gender Equality and the policy on combating harassment, sexually inappropriate behaviour and bullying, which were subsequently approved by the Board of Directors during the Year.

With specific regard to the preparation of the 2020 Non-Financial Statement, the Committee monitored the preparation of the statement through periodic updates from the competent units on the progress of the work, examining their content in order to issue its opinion.

In view of the specification made in Paragraphs 6 and 9 above and in this Paragraph, details are also provided below on the corporate governance and sustainability-related activities carried out during the Year by the previous Corporate Governance, Appointments and Sustainability Committee during the period from January to April 2020.

In particular, during that period, the Corporate Governance, Appointments and Sustainability Committee – on the basis of the necessary information and clarifications received from FinecoBank’s organisational units, and having taken note of the applicable regulations and the documentation supporting the proposals – was called upon to express its opinion on the following matters relating to corporate governance and sustainability: (i) “*2019 Non-Financial Statement of the FinecoBank Group*”, and (ii) “*Report on the corporate governance and ownership structures*” prepared in accordance with Article 123-bis of Legislative Decree no. 58 of February 24, 1998, with reference to the sections concerning it. In relation to the above issues and during the period January-April 2020, the Committee also received information on the letter of December 19, 2019, from the Chairman of the Corporate Governance Committee, and on the monitoring of the “2020-2023 Sustainability Goals Plan”.

The Committee, through its Chairman, had access to the information and corporate functions needed to carry out its tasks, also with the aid of the Company’s internal units and external advisors.

The Chairman of the Board of Statutory Auditors and the Statutory Auditors also attended the meetings of the Corporate Governance and Environmental and Social Sustainability Committee, also at the invitation of the Committee. Managers and staff of the corporate functions were also invited to attend in relation to individual items on the agenda.

Eleven meetings of the Committee have been scheduled for the current year, three of which have already been held.



B A N K

## 11. REMUNERATION OF DIRECTORS

For the information required regarding the remuneration of executive directors, non-executive directors and key management personnel and concerning indemnities for Directors in the event of resignation, dismissal or termination of employment following a public purchase offer (pursuant to Article 123-*bis*, paragraph 1, letter i) of the TUF), see the chapter “*Compensation paid to Members of the Administrative and Auditing Bodies, to General Managers and to other Executives with strategic responsibility*” contained in the “2020 Remuneration Report” published in accordance with Article 123-*ter* of the TUF, Article 84-*quater* of the Issuer Regulations and the provisions in Title IV, Chapter 1, Table 15 of Bank of Italy Circular no. 263.

## 12. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The internal control system is a fundamental part of the overall governance system of banks. It has a central role in the organisation and ensures the effective monitoring of risk, in order to guarantee that operations are in line with company strategies and policies and based on principles of sound and prudent management.

An efficient and effective internal control system forms the basis for creating value in the medium and long term, for safeguarding the quality of operations and for a correct perception of risk and appropriate allocation of capital.

The Company's internal control system is based on the principles of the Corporate Governance Code for Listed Companies, applicable regulations and best practice, and is founded on:

- control functions and positions, which involve, each for their area of responsibility, the Board of Directors, the Risk and Related Parties Committee, the Internal Control and Risk Management System Director, the Board of Statutory Auditors, as well as corporate functions with specific internal control duties;
- procedures for coordination between the parties involved in the internal control and risk management system.

### *Board of Directors and Risk and Related Parties Committee*

The guidelines of the internal control and risk management system (below the “**Internal Control and Risk System**”) are established by the Board of Directors. In this way, the Board ensures that the main risks to which the Bank is exposed are properly identified, measured, managed and monitored.

In this context, the Board of Directors revises and updates the **Risk Appetite Framework** (or “**RAF**”) on an annual basis, and in line with timelines for the budget process and definition of the financial plan, in order to ensure that the business is developed with a correct risk profile and in compliance with national and international regulations.

During the Year, the Board approved the new “*2020 Group Risk Appetite*” (replacing the document for 2019), which sets out the risk profile in relation to three areas (capital adequacy, profitability and risk; the monitoring of specific risks such as credit risk, operational risk, market risk; and funding and liquidity), defining metrics for each of those areas.

The definition process, revised from the previous version, has been structured to guarantee consistency with the budget, while the performance indicators (the “**KPIs**” or “**Key Performance Indicators**”) were revised to include simple, comprehensible metrics.

FinecoBank's Risk Appetite Framework not only includes the list of relevant metrics, but also the targets, triggers and associated limits: *(i)* targets represent the extent of risk the Bank is prepared to assume to achieve its budget objectives and defines the constraints for the development of the business; *(ii)* triggers represent alarm thresholds which activate the analysis of possible mitigation actions and must be reported to the Chief Executive Officer; *(iii)* limits are the values that must not be exceeded; if exceeded, the Board of Directors must be informed.

As regards responsibilities, the Corporate Bodies Regulations establish that the Board is responsible for the Internal Control and Risk System, providing guidance and assessing the adequacy of the system. It also identifies the following from within the Board:

- the director responsible for establishing and maintaining an effective internal control and risk management system (the “**Internal Control and Risk Management System Director**”);
- an internal Committee – called the “Risk and Related Parties Committee” – consisting entirely of independent directors, which assists the Board of Directors, based on appropriate preliminary investigations, in its assessments and decisions concerning the Internal Control and Risk Management System, as well as the approval of periodical financial reports.

The Board of Directors, with the prior approval of the above-mentioned Committee:

(a) defines the guidelines of the Internal Control and Risk Management System, assesses at least annually the consistency and adequacy of the Company’s characteristics, its strategic direction and its risk profile, as well as its effectiveness, in terms of the ability to grasp the evolution of the business risks and the interaction between them, assigning the Internal Control and Risk Management System Director the task of establishing and maintaining an effective Internal Control and Risk System;

(b) after consulting the Board of Statutory Auditors, (i) appoints the person in charge of the Internal Audit function (the “**Head of Internal Audit**”), who is responsible for verifying that the Internal Control and Risk Management System functions properly; (ii) ensures that the system has sufficient staff to fulfil its responsibilities, and (iii) determines their remuneration, in line with the company policies;

(c) after consulting the Board of Statutory Auditors, and with the support of the Appointments Committee, appoints and revokes the appointment of the Heads of the Compliance, Risk Management, Anti-Money Laundering and Suspicious Transaction Reporting functions pursuant to Article 35 of Legislative Decree 231/2007;

(d) approves, at least once a year, the audit plan prepared by the Head of Internal Audit, subject to approval by the Risk and Related Parties Committee and the Internal Control and Risk Management System Director, and after consultation with the Board of Statutory Auditors;

(e) approves the Group’s tax strategy, which sets out the guidelines and principles adopted by the Bank in the management of tax matters and, in particular, of the associated risk. In addition, at least once a year, and after the reporting to the Risk and Related Parties Committee, it is informed about the state of the internal control system for tax risk within the annual report on the tax risk situation;

(f) assesses, after consulting with the Board of Statutory Auditors, the findings of the external auditors in the audit opinion letter and the additional report on the audit work referred to in Article 11 of Regulation (EU) No 537/2014.

The Board of Directors assesses, among others and at least annually, the adequacy, functioning and effectiveness of the Internal Control and Risk System, with the aid of the Risk and Related Parties Committee, based on:

- reports from the heads of: the Compliance function, Risk Management function and Internal Audit function;
- reporting from the Financial Reporting Officer on the proper use of accounting standards and their consistency for the preparation of the consolidated financial statements;
- all relevant information for the monitoring of overall company risk, provided by the competent units and/or the external auditors.

The Board globally monitors main company risks, with the aid of the Risk and Related Parties Committee (see Section 7 above).

With specific regard to compliance risk, the Board of Directors, after consulting with the Board of Statutory Auditors, (i) approves the risk management policies; (ii) evaluates, at least once a year and with the technical support of the Risk and Related Parties Committee, the adequacy of the organisational structure and the quality and amount of resources of the Compliance function, and analyses periodic reports on its controls on compliance risk management; and (iii) analyses the periodic reports on its audits in the context of compliance risk management.

In addition, the Board of Directors exclusively:

- (a) determines the remuneration/incentive systems in favour of Key Personnel and the Personal Financial Advisors Network, and verifies that these systems do not increase business risks and are consistent with long-term strategies;
- (b) prepares and submits the remuneration and incentives policy to the Shareholders' Meeting, on an annual basis, and is responsible for its proper implementation;
- (c) sets the criteria for identifying the most significant transactions to be submitted for prior examination by the Risk and Related Parties Committee, and decides on transactions with related parties and associated persons, in accordance with the related procedures;
- (d) takes decisions on the transactions of the Company and those of its subsidiaries, where those transactions have a significant strategic, economic, capital or financial impact for the Company; to that end, it establishes general criteria for identifying significant transactions.

The Board of Directors also defines the Lending Strategies which, within the framework of Basel Pillar II, are an effective means of risk governance to ensure consistency between budget objectives and the Risk Appetite Framework.

The Board of Directors also approves the Bank's policy on the outsourcing of corporate functions.

In accordance with Supervisory Regulations on internal control systems, the Bank carried out the annual assessment (for the Year) on the adequacy of the internal control and risk management system with respect to the characteristics of the business and the risk profile assumed, as well as its effectiveness. With regard to the results of this assessment process, the Internal Control and Risk Management System was found to be "*Mostly Satisfactory*" on a scale of four levels in increasing order: "*Unsatisfactory*", "*Nearly Satisfactory*", "*Mostly satisfactory*" and "*Adequate*", given that, although there were some areas of improvement for which corrective actions have been identified, its set of components results in an overall satisfactory level of functioning of the system. The results of the assessment were presented to the Board of Directors on February 2021.

In this context, the Risk and Related Parties Committee, based on results of the above checks, and on additional projects being implemented, assessed the Internal Control and Risk Management System, considering it adequate for the size and complexity of the Bank with respect to the business and operating environment and also adequate, within reasonable limits, for preventing or in any case avoiding, in a timely manner, any material misstatements in the financial statements.

The Board of Directors also: (i) sets the objectives and business continuity strategies, ensuring sufficient human, technological and financial resources; (ii) approves the business continuity plan and any updates due to technological and organisational modifications, accepting residual risks not covered by the business continuity plan, and also promoting the development, periodic monitoring and updating after significant changes, or to cover any deficiencies/gaps or risks that

have occurred; (iii) appoints the business continuity plan manager; (iv) approves the annual plan of testing of the business continuity measures and reviews the test results documented in writing.

Specifically, the Bank's Business Continuity and Crisis Management framework includes the Emergency and Crisis Management Plan, which establishes the Scale of Emergency Levels in the Company and the Escalation Rules, identifying the key roles in the management of emergencies/crises and the predefined management measures (plans), including the business continuity plan (and the disaster recovery plan which is an integral part of it). The manager responsible for the business continuity plan is appointed by the Board of Directors.

In emergency/crisis situations, the Board is informed (by the Managing Director and General Manager or by the Company Business Continuity Manager based on the Emergency Level) about the status of the emergency and in the event of serious problems for company operations due to serious incidents or malfunctions.

It is also informed, at least annually, of the planning and outcomes of controls on the adequacy of the Plans, as well as the testing of the business continuity measures.

During the Year 2020, the emergency and crisis management plan and the pandemic management plan were duly updated, adopting remote working as the main emergency management measure, in addition to the preventive and behavioural measures, which were drawn up in accordance with the instructions from the National Health Service and other emergency management bodies. These updated plans were approved by the Board of Directors in 2020. The business continuity plan was verified through specific tests, to ensure its effectiveness and adequacy, tailored to the current pandemic emergency situation.

With specific reference to compliance risk<sup>(30)</sup>, the Board of Directors, after consulting with the Board of Statutory Auditors, approves risk management policies. It also assesses, at least once a year and with the technical support of the Risk and Related Parties Committee, the adequacy of the organisational structure, the quality and amount of resources of the Compliance function, and analyses periodic reports on that function's controls on the management of compliance risk.

The Board of Directors also has general responsibility for management and control of the information system, with a view to the optimal use of technological resources supporting company strategies (ICT governance). In this respect, it:

- approves the ICT development strategies and the architectural model for the system, the sourcing strategies and the ICT risk propensity, in accordance with the risk objectives and the framework for the determination of the risk propensity at company level;
- approves the ICT security policy;
- approves the guidelines on recruitment of personnel with technical functions and on the acquisition of systems, software and services, including the use of external suppliers;
- promotes the development, sharing and updating of ICT knowledge within the company.

With specific regard to supervisory responsibility for ICT risk analysis, the Board:

- approves the organisational and methodological reference framework for ICT risk analysis,

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<sup>(30)</sup> "Compliance risk" may be defined as the risk of incurring legal or administrative penalties, financial losses or sustaining reputational damage, as a result of failure to comply with financial and banking laws, regulations, codes of conduct and good practices.



promoting the appropriate consolidation of information on technological risk within the ICT function and integration with risk measurement and management systems (concerning in particular, operational, reputational and strategic risks);

- approves the ICT risk propensity, having considered internal services and services to customers, in accordance with the risk objectives and framework for defining the risk propensity at a company level.

With regard to the above responsibilities, the Board is informed at least annually of the adequacy of the services provided in relation to costs sustained and of the ICT risk situation with respect to the risk propensity.

### ***Board of Statutory Auditors***

The Board of Statutory Auditors of FinecoBank monitors the effectiveness, completeness, adequacy, functioning and reliability of the internal control and risk management system, and of the Risk Appetite Framework, in line with requirements of the Corporate Governance Code and the Supervisory Regulations.

It also monitors compliance with the Internal Capital Adequacy Assessment Process (ICAAP) and the completeness, adequacy, functioning and reliability of the business continuity plan.

With specific regard to the Board of Statutory Auditors also being able to take on supervisory board functions pursuant to Legislative Decree no. 231 of June 8, 2001, the Company considered it appropriate to assign these functions to a specifically created Body (see Section 12.3 of this Report).

The Board of Statutory Auditors establishes appropriate working relations with the Risk and Related Parties Committee to carry out joint activities, according to their specific areas of responsibility.

To carry out its duties, the Board of Statutory Auditors may be assisted by the company's internal control units and functions to carry out and plan its verifications and the necessary assessments. To this end, it receives regular appropriate information flows or information on specific situations/company performance. Given this close connection, the Board of Statutory Auditors is specifically consulted about decisions regarding the appointment and revocation of appointment of the heads of the corporate control functions (Compliance, Risk Management and Internal Audit), and also about the identification of the essential elements of the control system's overall architecture (powers, responsibilities, resources, reporting flows and handling conflicts of interest). With regard to its own activities, the Statutory Auditors may request the Internal Audit function to carry out specific audit activities in operational areas and on company operations. 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 is given to compliance with regulations on conflicts of interest.

### ***Control functions***

FinecoBank's internal control system is based on four types of controls:

- (i) ***level one controls*** ("line controls"): these are controls relating to individual activities and are carried out according to specific operational procedures based on a specific internal regulation; they are incorporated into the ICT procedures as much as possible. The

operating structures have prime responsibility for the risk management process. Monitoring and continuously updating these processes is entrusted to “*process supervisors*” who are charged with devising controls able to ensure the proper performance of daily activities by the staff concerned, as well as the observance of any delegated powers. The processes subject to control relate to units that have contact with customers, as well as completely internal Bank units;

- (ii) **level two controls**: these are controls whose objectives include ensuring the proper implementation of the risk management process. The risk controls, involving verification of compliance with the limits assigned to the various operating functions, are performed by the Risk Management function. The controls on the risks of failure to comply with company operations with rules, including self-regulations, are performed by the Compliance function. These functions assist in defining risk management policies and the risk management process;
- (iii) **level three controls**: these controls are typical of internal auditing, based on analysis of information obtained from databases or company reports, as well as on-site controls. This type of control aims to identify breaches of procedures and regulations, in addition to periodically assessing the completeness, adequacy, functioning (in terms of efficiency and effectiveness) and reliability of the internal control system and information system (ICT audit) at a set frequency based on the nature and level of the risks. These controls are assigned to the Internal Audit function. To verify the compliance of the behaviour of the Group Companies with the guidelines of the Parent Company, as well as the effectiveness of the internal control system, the internal audit function of FinecoBank, at consolidated level, periodically carries out on-site controls on the members of the Group, based on the importance of the different types of risk assumed by the entities;
- (iv) **institutional supervisory controls**: these refer to controls by the Bank’s bodies, including in particular the Board of Statutory Auditors and the Supervisory Committee pursuant to Legislative Decree no. 231 of June 8, 2001.

### **The Risk Management function**

In accordance with the Supervisory Regulations, the Risk Management Function reports directly to the Managing Director and General Manager and has direct access to the Supervisory Body and the Control Body and communicates with them without restrictions or intermediation.

Within the scope of the tasks and responsibilities defined by the prudential regulations, the Risk Management Function, at Group level and in an integrated manner, oversees the processes of governance, measurement and control of risks in accordance with the strategies and policies established.

The Risk Management function is responsible for preventing and monitoring the Group’s risks in its various components. In particular the Risk Management Function carefully controls credit, market, operational and liquidity risk, and monitors and oversees all the specific risks that the Group is exposed to, which are not considered in the First Pillar (e.g. concentration risk and interest rate risk).

Specifically, the Risk Management function:

- is involved in defining the RAF, risk governance policies and various stages of the risk management process, as well as establishing operational limits for the various types of risk. In this context, it proposes quantitative and qualitative parameters necessary to define the RAF,

which refer to stress scenarios and the modifications to those parameters in the event of changes in the Group's internal and external operating context.

- develops the capital adequacy assessment (ICAAP) and liquidity risk management (ILAAP) processes in accordance with regulatory requirements; it prepares its parts of the ICAAP and ILAAP report addressed to the Supervisory Authorities and coordinates the contributions of the corporate functions involved;
- checks the adequacy of the RAF and on an ongoing basis the adequacy of the risk management process and operating limits; it defines and applies stress testing scenarios for each risk area, with particular regard to the ICAAP and ILAAP;
- is responsible for developing and maintaining the independence of risk measurement and control systems in order to report periodically to the control bodies and the Board of Directors;
- defines procedures for assessing and controlling reputational risk, coordinating with the compliance function and with the most exposed corporate functions;
- assists the corporate bodies in assessing strategic risk, monitoring the significant variables;
- ensures the consistency of risk control and measurement systems with the processes and methodologies for assessing the company activities, coordinating with company units concerned;
- develops and adopts indicators designed to identify anomalies and inefficiencies in risk control and measurement systems;
- analyses the risks of new products and services and risks from entering new operating and market segments;
- gives prior opinions on the consistency of material transactions with the RAF, and obtains the opinion of other functions involved in the risk management process, based on the nature of the transaction;
- constantly monitors the actual risk assumed by the Group and its consistency with the risk objectives, as well as compliance with the operating limits assigned to the operating structures in relation to the assumption of the various types of risk, making any proposals to the Managing Director and General Manager for changes to contain the risks;
- checks the adequacy and effectiveness of measures taken to remedy inefficiencies identified in the risk management process;
- helps the Corporate Bodies in the performance of their respective tasks relating to the Internal Control System, facilitating the timely and coordinated gathering of all relevant information for the quantification and management of risk and the adoption of timely corrective measures where necessary.

The function also carries out monitoring and reporting for the Corporate Bodies, mainly through the quarterly report on the Group's risk exposure.

In 2020, in continuation of the progressive organisational alignment following the establishment of the FinecoBank Banking Group, changes were made to the Chief Risk Officer Department. In particular, tasks were reallocated to units dedicated to the oversight of internal risk regulations and the validation and development of internal risk measurement systems, following the expansion of the duties and responsibilities of the risk management function <sup>31</sup>.

### ***The Compliance Function***

The Compliance function monitors the management of compliance risk<sup>(32)</sup> using a risk-based approach, for all the company operations, ensuring that internal procedures are appropriate for preventing this type of risk.

The Compliance function assists/supports management and Company employees in managing compliance risk and monitoring the correct conduct of business operations in order to ensure compliance with applicable regulations, internal procedures and best practice.

For an effective management of compliance risk, the Company must have a Compliance function. This function must be independent, with a sufficient number and quality of human and technical resources for the duties to be performed, able to freely interact with Senior Management and the Corporate Bodies. It must have access to all resources and company information and be able to report any matter directly to the higher hierarchical levels.

In particular, the Compliance function of the Parent Company is responsible for guiding, coordinating and monitoring compliance matters at Group level and is responsible for developing the Global Compliance Rules; setting standards of conduct for the regulatory areas applicable throughout the Group; developing Group methodologies for risk assessment and level two compliance controls; periodically providing senior management an overview of the status of compliance risks in the Group.

Regulatory compliance risk is the risk of incurring legal or administrative penalties, significant financial loss or damage to reputation as a result of the violation of mandatory laws and regulations, or of rules on self-governance (e.g. company articles of association, codes of conduct and self-governance codes).

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<sup>(31)</sup> In its October 2020 meeting, the Board of Directors approved the creation of the new Chief Lending Officer (CLO) Department, effective from January 1, 2021, transferring all activities concerning the entire lending process from the Chief Risk Officer (CRO) Department. The new CLO will therefore be responsible for setting the guidelines for the approval, management, classification, restructuring and recovery processes for commercial loans and loans to institutional counterparties. The CLO will also be responsible for maintaining the credit risk profile within the risk appetite defined by the Board of Directors in the Risk Appetite Framework. The new Chief Risk Officer will have the task of overseeing the proper functioning of the Bank's risk framework by developing appropriate methods for identifying and measuring current and future risks, in accordance with regulatory requirements and the Bank's operational strategies. In this regard, the level two controls on risk also cover credit risk, in addition to the monitoring and reporting to the Corporate Bodies.

<sup>(32)</sup> *Compliance risk* may be defined as the risk of incurring legal or administrative penalties, financial losses or sustaining reputational damage, as a result of failure to comply with financial and banking laws, regulations, codes of conduct and good practices.

Regulatory compliance risk is managed through:

- Proactive and on-request advice:

- ongoing identification of rules applicable to the Bank and consequent compliance risks; drafting of internal rules applicable to the Bank and the Group and identifying the related impact on the Bank's processes and procedures, including the ICT system (ICT Compliance);
- prior assessment of compliance with regulations applicable to products, processes, organisational structures, the incentive system, training modules and, in particular, innovative projects (including operations in new business lines and geographic areas) that the Bank intends to undertake – also through participation in specifically designated committees – as well as the prevention and management of conflicts of interest in the various activities carried out by the Bank, with reference to company employees and consultant staff;
- providing opinions and prior assessments on compliance matters, in response to requests from the various internal units in relation to external regulations, providing them support in analysing and interpreting the regulations;
- assessments, for the areas under its responsibility, of the Bank's remuneration policy and in particular of remuneration/incentive systems for personnel and the personal financial advisors network authorised for cold calling;
- participation, where required, in working groups for the aspects within its remit.

- Communications:

- promotion of a culture based on compliance with internal and external regulations and international best practice, through the adoption of specific guidelines, the preparation of internal rules, memoranda, opinions and communications, and through personnel training;
- cooperation with other Bank functions and, in particular, with functions that oversee risk management and control (primarily Internal Audit and Risk Management), in order to improve overall consistency and ensure mutually adequate and ongoing information flows;
- definition of FinecoBank's annual training plan.

- Interaction with authorities:

- management of relations with Authorities, in cooperation with the Regulatory Affairs Unit, together with other relevant functions (such as involvement in consultations concerning new legal and regulatory developments, assistance for preparing comments on bills, monitoring requests and inspections by the Authorities and relative corrective actions).

- Monitoring, surveillance and reporting:

- assessment of the compliance risks identified (compliance risk assessment), also through level two controls, the definition of corrective actions to mitigate those risks, monitoring the actions and initiating procedures involving relevant higher hierarchical levels (escalation) to resolve problem issues identified;
- verification of the effectiveness of organisational alignments (structures, processes and procedures, operational and commercial) recommended to prevent the risk of failure to comply with regulations;
- preparation of periodic reports to the Corporate Bodies and the Supervisory Authorities on the level of compliance risk in the Bank and the measures adopted to manage it.

With regard to the regulatory areas under its responsibility, the Compliance function performs:

- direct oversight of all regulatory areas applicable to the company operations, except for those covered by “indirect” oversight (as defined below);
- indirect oversight of regulatory areas which are already subject to forms of control by specialist units within the Bank (in accordance with the Supervisory Regulations for banks issued by the Bank of Italy in Circular no. 285/2013 as amended).

The main areas covered by the direct oversight model are: provision of banking and financial services, banking transparency and consumer credit, consumer protection, credit intermediation, usury, payment services, privacy, corporate liability for offences committed in the interest of the company, anti-money laundering and anti-terrorist financing, sanctions and embargoes, corruption and unlawful receipt or giving of money or other benefits, antitrust issues and unfair commercial practices, provision of investment services and activities, management of Group conflicts of interest, regulations on markets in financial instruments, centralised management of financial instruments, market abuse, promotion and distribution of insurance products, significant investments, risk activities in relation to associated persons, permissible holdings for banks and banking groups, incentive systems (for employees and the PFA Network), ICT compliance (see Circular 285, chapter IV “Information Systems”, section II, paragraph 6 “Control of ICT risk and ICT compliance”), outsourcing management.

To cover the regulatory areas under its responsibility, the Compliance function liaises with the relevant Italian Control Authorities (e.g. Consob, Bank of Italy, IVASS, AGCM, Data Protection Authority) and supports the relations with the local Control Authorities, maintained at local level by the Entities.

The indirect oversight model envisages that, for a regulations that are already subject to specific forms of oversight capable of managing the compliance risks (e.g. occupational safety regulations), the tasks of the Compliance function can be scaled. The Compliance functions remains responsible in any event, in cooperation with the specialist functions, at least for developing the methodologies for assessing compliance risk and identifying the related procedures, and verifying the adequacy of those procedures for preventing compliance risk.

Currently, in FinecoBank, specialist supervision has been assigned to the following corporate functions:

- Corporate Law & Board Secretary’s Office;
- Occupational Health and Safety Officer (81 Officer);
- Works Supervisor pursuant to Article 89, paragraph 1, letter c), of Legislative Decree No. 81 of April 9, 2008
- Human Resources;
- GBS - Bank Organisation and Operations - Business Continuity Manager;
- CFO - Tax Affairs & Advisory Finance;
- CFO - Administration and Supervisory Reporting.

In performing its duties, the Compliance function has access to all Bank operations, at both a central and peripheral level, and to all information considered significant, also through direct interviews with personnel.

To this end, the Bank, in line with current national and international best practice, has an internal whistleblowing system for employees to report any irregularities or violations of applicable regulations and internal procedures, which provides a specific, confidential information channel and guarantees the anonymity of the whistleblower. The system, managed by the Compliance function, is available to employees, personal financial advisors and third-party providers.

FinecoBank's Chief Compliance Officer performs the roles of Head of the Anti-Money Laundering Function (subject to the specification made in note (33) below) and Local Anti-Corruption Officer, using specific structures reporting to him/her for the performance of his/her tasks.

The Chief Compliance Officer was appointed as Data Protection Officer (DPO), in light of the implementation of the GDPR, with effect from May 25, 2018.

The DPO is responsible for performing the following tasks, with full autonomy and independence:

- informing and advising the Bank, the Group Entities and the employees that process personal data of their obligations under the GDPR and other European Union or Member State regulations on data protection;
- monitoring compliance with the EU Regulation, with other Union or Member State regulations on data protection and the internal data protection policies, including the allocation of responsibilities, and providing education and training for personnel involved in the data processing and the associated control activities;
- providing an opinion, where requested, on the data protection impact assessment and monitoring the performance of the assessment in accordance with Article 35 of the GDPR "Data protection impact assessment";
- cooperating with the supervisory authority;
- acting as the contact point for the supervisory authority on matters relating to the data processing, including the prior consultation according to Article 36 of the GDPR, and providing advice on any other matters where appropriate.

With reference to Article 38 of the GDPR, the DPO is required to regularly report to the Board of Directors providing an overview of how personal data are protected within the Company.

The structure of FinecoBank's Compliance function is divided into the Compliance Department, which consists of the following units:

- Advisory & Regulators: in turn made up of the Investment Services and Banking Services & General Rules Teams, each of which is dedicated to consultancy, communications and interaction with the authorities within their respective remits;
- Risk Assessment & Controls: in turn made up of the Risk Assessment and Compliance Controls Teams, dedicated respectively to the identification and assessment of compliance risks and to the definition and implementation of level two controls; both teams, where necessary, identify appropriate corrective actions for the mitigation of compliance risks and monitor their implementation;
- Anti-Money Laundering and Counter-Terrorism: which supports the Head of the Anti-Money Laundering Function in ensuring the implementation of a suitable programme for the management of financial penalties and for preventing and countering money laundering and terrorist financing risks.

As defined in Bank of Italy Circular No. 285 (Title IV, Chapter 3, Section I, paragraph 3), the anti-money laundering function as defined by the Bank of Italy Provision of March 10, 2011, containing the implementing provisions in relation to organisation, procedures and internal controls aimed at preventing the use of intermediaries and other parties that carry out financial activities for money laundering and terrorist financing in accordance with Article 7, paragraph 2 of Legislative Decree no. 231, of November 21, 2007, Chapter II, Section I.

As mentioned above, the Anti-Money Laundering function is positioned within the Compliance function.

The Head of the Anti-Money Laundering Function, with the support of the Anti-Money Laundering and Counter-Terrorism Unit, is responsible for:

- supporting the Managing Director and General Manager in drawing up the Group rules on anti-money laundering and financial penalties, for subsequent approval by the Board of Directors and overseeing their implementation;
- providing advice and coordinating and supervising the implementation of anti-money laundering programmes of the Group Companies;
- analysing the periodic reports received from the Subsidiaries and working with the local Anti-Money Laundering Officers to implement any necessary improvements and corrective measures;
- promptly informing the Corporate Bodies of breaches or significant deficiencies identified in carrying out his/her tasks.

The Anti-Money Laundering and Counter-Terrorism Unit:

- identifies the applicable anti-money laundering and anti-terrorist financing rules and financial penalties;
- measures the level of compliance risk by periodically mapping the regulatory framework;
- advises the Bank's various units in relation to anti-money laundering, anti-terrorism and financial penalties, particularly in the development of procedures affected by those regulations and the identification of supporting IT tools;
- monitors money laundering, terrorism and embargo risks for Fineco;
- monitors the risk profile of customers and subsequently the evolution of that profile through specific IT procedures;
- carries out enhanced customer due diligence in cases where the risk of money laundering appears particularly high;
- verifies the identity of the beneficial owner for customers that are not natural persons;
- verifies whether customer names are contained in anti-terrorism lists and negative press databases; if this is the case, it prepares a memo proposing the closure of existing relationships or a review of the customer's risk profile;
- verifies the correctness and completeness of the records in the Centralised Computer Archive and the aggregate data sent monthly to the FIU, also with the help of the Risk Assessment & Controls team, to assess the adequacy of the internal anti-money laundering systems and procedures, and proposes the necessary or appropriate organisational and procedural changes to ensure adequate control of the risks;
- analyses and tracks reports, anomalies and statistics originating from the FIU in relation to the aggregated data flows;





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- analyses the following for potentially suspicious transactions to be reported to the Suspicious Transaction Reporting (STR) Team:
  - customer transactions extracted from the GIANOS procedure (“unexpected” transactions);
  - the results of the anomaly indicators under the team’s responsibility, as defined and implemented in accordance with the applicable Bank of Italy regulations;
- examines the cases, based on its own controls carried out independently, relating to the transactions identified as potentially suspicious for reporting to the STR Team;
- identifies the anti-terrorism lists adopted by the relevant international bodies and manages the updating of the corresponding internal lists, based on those lists;
- carries out prior anti-money laundering/anti-terrorism assessments, for new product or service offerings;
- prepares a report at least once a year, with the help of the Head of the Anti-Money Laundering Function, for the Board of Directors, the Board of Statutory Auditors and the 231 Supervisory Committee, on the work carried out, on the deficiencies identified and the related corrective measures, as well as the training activities (for employees and personal financial advisors), to enable those bodies to perform their supervisory duties as required by Legislative Decree no. 231/2007.

The Anti-Money Laundering and Counter-Terrorism Unit has a team dedicated to Suspicious Transaction Reports headed by the STR Officer, appointed by the Board of Directors, upon consultation with the Board of Statutory Auditors.

The STR Officer operates in full autonomy and has the task of assessing the potentially suspicious transaction reports sent by the Bank’s units and the personal financial advisors of the FinecoBank sales network, and sending the reports considered to be justified to the FIU.

During the Year, changes were made to the Compliance function, in continuation of the progressive organisational alignment following the establishment of the FinecoBank Banking Group. In particular, the units were structured to enable greater delegation of responsibilities and specialisation of roles, with a consequent change in the ranking of the Compliance structure from Unit to Department, as a result of the expansion of the powers and responsibilities of the regulatory compliance function and to improve the organisational controls designed to ensure full compliance with international, EU and national regulations<sup>33</sup>.

## 12.1 Internal Control and Risk Management System Director

To comply with the recommendation in Principle 7.P.3 of the Corporate Governance Code and the Supervisory Regulations issued by the Bank of Italy, the Managing Director and General Manager Mr. Alessandro Foti has been appointed Internal Control and Risk Management System Director.

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<sup>(33)</sup> In its meeting of October 2020, the Board of Directors also approved a reorganisation of the responsibilities relating to anti-money laundering within the Compliance function, with effect from January 1, 2021. This reorganisation, which was made in light of the growing importance of anti-money laundering activities and responsibilities, involved the creation of a new Anti-Money Laundering Function, reporting directly to the Compliance Department, whose manager was appointed *Head of the Anti-Money Laundering Function* in accordance with the Bank of Italy Supervisory Regulations.

Within the Internal Control System, the Managing Director and General Manager, acting as Internal Control and Risk Management System Director, is responsible for:

- identifying the main business risks and ensuring effective risk management and the execution of instructions from the Board of Directors in the presence of a defined, managed and monitored Internal Control System;
  - defining the means and methods for implementing the risk management and control system, using guidelines from the Board of Directors, undertaking the design, management and monitoring of the internal control and risk management system, establishing operating limits for different types of risk and facilitating the development and dissemination of a culture of risk, with the aid of the competent functions; the Managing Director and General Manager is responsible for the annual assessment of the Internal Control and Risk System;
  - ensuring the overall adequacy of the Control and Risk System, its proper functioning, its adaptation to take into account changes in operating conditions and the legal and regulatory framework; the Managing Director and General Manager and bodies and officers reporting directly to him/her are called upon to provide a professional opinion on matters relating to the Internal Control System referring to their activities, taking into account the level of compliance with regulations, procedures and controls;
  - establishing and overseeing the adoption of the process to approve investments in new products, the distribution of new products or services or start of new activities or entry into new markets, or the adoption of processes and methods to evaluate company operations, in particular financial instruments, overseeing ongoing updates;
  - defining and overseeing the implementation of company policy on the outsourcing of corporate functions;
  - defining internal information flows to ensure that Corporate Control Bodies are fully aware of and can govern risk factors and compliance with the Group's risk objectives (Risk Appetite Framework – RAF); for the banking groups, the Parent Company ensures that all subsidiaries have business continuity plans in place and verifies the consistency of those plans with the Group's strategic objectives in terms of risk containment. At Group level, controls are established on the achievement of the business continuity objectives set for the entire group and its individual entities;
- authorising, within the RAF and where a tolerance threshold has been defined, the risk appetite being exceeded, within the tolerance threshold limit, reporting to the Board of Directors and identifying the management actions necessary to return the risk to within the target set;
- implementing follow-up measures for the control and risk system after controls have been carried out, adopting necessary corrective measures or actions if inefficiencies or anomalies are identified, or after the introduction of new products, activities, services or processes that are significant, in order to continuously ensure the completeness, adequacy, functioning and reliability of the internal control system; reporting the results of the checks carried out to the Board of Directors;
- submitting proposals to the Chairman of the Board of Directors for the appointment or revocation of appointment of the Heads of the control functions, ensuring that they have sufficient resources to carry out their responsibilities;

- promoting the development and periodic monitoring of the Emergency and Crisis Management Plan and the Business Continuity Plan at the Parent Company and Group Entities and their updating; approving the annual plan of testing of the business continuity measures and reviewing the test results documented in writing;
- ensuring proper, timely and secure management of information for accounting, management and reporting purposes;
- ensuring the completeness, adequacy, functionality (in terms of effectiveness and efficiency) and reliability of the Bank's information system.

The Managing Director and General Manager implements the ICAAP, ensuring it conforms to the strategic guidelines and RAF and meets the following requirements: it considers all relevant risks; it includes forward-looking valuations; it uses appropriate methodologies; it is distributed to the internal units; it is adequately formalised and documented; it identifies the roles and responsibilities assigned to the corporate functions and units; it is managed by an adequate number of competent resources, in a hierarchical position sufficient to ensure compliance with the planning; it is an integral part of the management activities.

With regard to liquidity management, the Managing Director and General Manager in implementation of the strategic guidelines and governance policies defined by the Board of Directors:

- defines the guidelines for the liquidity risk management process and ensures its implementation, in compliance with the risk tolerance threshold approved by the Board of Directors;
- is responsible for implementing and maintaining the effectiveness of the internal process for assessing the adequacy of the governance system and liquidity risk management – Internal Liquidity Adequacy Assessment Process – ILAAP, ensuring its consistency with established strategies and the Risk Appetite Framework.

The Managing Director and General Manager submits the ICAAP/ILAAP Annual Report to the corporate bodies, with the support of the Chief Risk Officer and the Chief Financial Officer.

With regard to credit and counterparty risk in particular, the Managing Director and General Manager, in line with the strategic policies, approves specific guidelines to guarantee the effectiveness of the system for the management of risk mitigation techniques and their compliance with the general and specific requirements.

With specific regard to internal risk measurement systems for defining capital requirements, the Managing Director and General Manager has the following duties:

- responsibility for the structure and functioning of the system chosen; to perform this duty, he/she shall have an adequate knowledge of relevant aspects;
- issuing instructions to ensure that the system chosen is developed based on identified guidelines, assigning duties and responsibilities to the corporate functions and guaranteeing the formalisation and documentation of the stages of the risk management process;
- ensuring that risk measurement systems are integrated into decision-making and operational management processes;
- considering observations made following the internal audits.

Within the governance and organisation of the Bank's information system, the Managing Director and General Manager is responsible for ensuring its completeness, adequacy, functioning (in terms of effectiveness and efficiency) and reliability. In particular, he/she is assigned the following tasks:

- defining the organisational structure of the ICT function, ensuring that it corresponds over time to the strategies and architectural models defined by the Supervisory Body, and guaranteeing the correct qualitative and quantitative allocation of human resources
- defining the organisational, methodological and procedural framework for the ICT risk analysis process, with the aid of the Risk Management function for the operational risk estimation processes;
- approving the design of the ICT system management processes and ensuring the effectiveness, efficiency, completeness and consistency of the system, with particular regard to the robustness of the controls, validity of the methodological and procedural support and effective assignment of tasks and responsibilities
- approving the corporate data governance standard, the procedures for the management of changes in ICT applications and resources and incident management (also in conjunction, where applicable, with the procedures of the service providers), through the preparation of specific corporate documents;
- at least once a year, approving the operational plan of ICT initiatives, verifying their consistency with the corporate strategies and the information and automation needs of business areas;
- at least once a year, assessing the performance of the ICT function with respect to the strategies and objectives established, in terms of costs/benefits, implementing the necessary improvement actions and measures, and submitting the related report to the Supervisory Body;
- at least once a year, reviewing the overall ICT risk situation in relation to the defined risk appetite, using specific detailed information flows, and reporting to the Supervisory Body accordingly;
- monitoring the proper implementation of the ICT service management and control processes, ensuring continuous measurement of performance and implementing the necessary corrective measures for any anomalies detected; - making timely decisions regarding serious ICT security incidents and, reporting to the Supervisory Body in the event of serious problems for the business operations resulting from incidents and malfunctions.

With specific regard to compliance risk, the Managing Director and General Manager ensures the effective management of this risk, also establishing appropriate policies and procedures for compliance with applicable regulations to be observed within the Bank, verifying, in cases of violations, whether suitable remedies have been implemented, and establishing reporting flows to ensure that the Bank's corporate bodies are fully informed about procedures for managing compliance risk. With the aid of the Compliance function, the Managing Director and General Manager identifies and evaluates at least once a year, the main compliance risks to which the Bank is exposed, and plans the related management measures, as well as reporting at least once a year to the Board of Directors and the Board of Statutory Auditors on the adequacy of the compliance risk management.

With specific regard to money-laundering risk, the Managing Director and General Manager:

- ensures the timely fulfilment of the reporting obligations to the authorities under anti-money laundering legislation;

- drafts the anti-money laundering policy to be approved by the Board of Directors and ensures its implementation, with the aid of the Anti-Money Laundering Function;
- draws up and oversees the implementation of ICT procedures aimed at ensuring that all the company units involved and the bodies with control functions are aware of the risk factors;
- in the area of suspicious transaction reporting, draws up and ensures the implementation of a procedure adapted to the Bank's operations, size and complexity, according to the principle of proportionality and a risk-based approach.

In accordance with the Corporate Bodies Regulations, the Managing Director and General Manager promptly reports any problems and critical issues to the Risk and Related Parties Committee (or to the Board of Directors), and at the same time informs the Chairman of the Board of Directors, so that the Risk and Related Parties Committee (or the Board of Directors) can take the appropriate action.

The Managing Director and General Manager has the right to attend the meetings of the Risk and Related Parties Committee. Within these meetings, he/she reports to the Committee on the relevant issues on the agenda, providing clarifications where necessary and responding to any requests for further information from the Committee.

## 12.2 Internal audit function

The Internal Audit function, in accordance with the Supervisory Regulations, is independent from the other corporate functions and reports to the Board of Directors directly or through the Risk and Related Parties Committee. It operates in compliance with the "Audit Mandate", the latest version of which was approved by the Board of Directors on July 8, 2019<sup>(34)</sup>, which sets out its mission, responsibilities, organisational positioning, independence, duties and authority.

Internal Audit performs independent and objective assurance verifications to assess, contribute to and improve the Internal Control System of FinecoBank and the Group, by assessing and improving the adequacy and effectiveness of the governance, risk management and control processes. It may also provide advisory services concerning the design and functioning of the internal control system, which, without compromising its independence, aim to provide added value and support the Bank in achieving its objectives.

The Internal Audit function also directs, coordinates and supervises the Group's internal audit activities carried out by the competent units of the subsidiaries; in addition to the Parent Company, it also carries out on-site or remote audits on the Group companies. In particular, it coordinates and supervises the Internal Audit work carried out by the Internal Audit function of the subsidiary Fineco Asset Management DAC, which was internalised in June 2020, terminating the outsourcing contract in place with the company *PricewaterhouseCoopers Ireland*.

For the performance of its activities, the organisational model of the Parent Company's Internal Audit function provides for the centralisation of the management, coordination and control tasks of the competence line, particularly with regard to the definition and implementation of common methodological and IT solutions, the monitoring of audit activities, the assessment of the quality of the Internal Audit functions, and the contribution to the improvement of the effectiveness and efficiency of the system of internal controls in the Group.

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<sup>(34)</sup> An update of the Internal Audit mandate was approved by the Board of Directors at its meeting of January 19, 2021.

The Internal Audit function submits an annual plan and a strategic plan, directly or through the Risk and Related Parties Committee, to the Board of Directors, as well as the Board of Statutory Auditors and the Internal Control and Risk Management System Director, detailing the audit activities planned for the Parent Company and the Group Entities.

At least once a year and, in cases of particular importance, at the next available meeting, submits a report to the corporate bodies on the work carried out, describing the checks conducted in the Parent Company and in the individual Entities, their results, the weaknesses identified and the proposals for action to be taken to remedy them, contributing to the overall assessment of the completeness, adequacy, functionality and reliability of the internal control system of the Parent Bank and the Group.

In accordance with the supervisory regulations for banks, the Internal Audit function is independent from the other corporate functions and reports on its activities directly to the Board of Directors (also through the Risk and Related Parties Committee) and to the Board of Statutory Auditors on a quarterly basis. It also attends the meetings of the Risk and Related Parties Committee, which are usually held monthly.

The Internal Audit function operates in accordance with all the regulations approved by the Board of Directors, in addition to external regulations and international professional standards.

In particular, it carries out independent assurance and advisory activities for the Parent Company, to assess and contribute to the improvement of the Internal Control System of FinecoBank and the Group. Specifically it:

- carries out the level three controls for the Parent Company;
- as the competence line for its area of responsibility, it directs, coordinates and supervises the internal audit and risk activities of the Group as a whole and, through the locally-based functions, of the individual Entities, in accordance with the internal procedures, as established in the GMGR;
- can conduct on-site audits on any Entity, in its role as Group Internal Audit function.

Through the objective examination of the findings from its own audits, it pursues the aim of providing an independent assessment of the adequacy of the Bank's Internal Control System, also through the assessment of the completeness and correctness of the design and functioning of the key controls, by carrying out audits on the Corporate Processes, the Personal Financial Advisors and specific verifications, in accordance with the procedures laid down and with the involvement of the various Bank units concerned, envisaged in the internal memos and applicable global rules.

In compliance with the external regulations<sup>35</sup>, the Head of the Internal Audit Function is not responsible for any operational areas and reports directly to the Board of Directors. He/she provides an annual assessment of the adequacy and effectiveness of the Bank's risk management and control processes in the areas within his/her mission and scope of responsibility, with the objective of assessing, providing added value and contributing to improving the Bank's Internal Control System.

The activities aimed at strengthening the Internal Control System include:

- planning inspections to ensure adequate coverage of the various applications, infrastructures and management processes, including any outsourced components;
- providing assessments of the main identifiable technological risks and overall ICT risk

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<sup>(35)</sup> For the Year, the reference – in addition to the Supervisory Regulations – is to Application Criterion 7.C.5 of the Corporate Governance Code (in force until December 31, 2020).

management;

- developing a flexible annual and long-term Audit Plan through an appropriate risk assessment, which is submitted to the Board of Directors for approval;
- collaborating and liaising with the Corporate Control Functions (while maintaining its independence) in order to develop its own control methods in line and synergy with the Bank's strategies and activities;
- implementing the annual audit plan, as approved, including special tasks or projects requested by Corporate Bodies, Management and/or the Risk and Related Parties Committee;
- conducting special investigations on operational events;
- informing the corporate bodies, summarising the results of the audit work and the implementation status of the management's action plans.

The Head of Internal Audit function also submits Audit Reports directly to the Board of Statutory Auditors and the Risk and Related Parties Committee.

The Internal Audit function is authorised by the Board of Directors to have unlimited access to all Bank's corporate functions, records, property and personnel.

### 12.3 ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE NO. 231 OF JUNE 8, 2001

On March 15, 2010, the Board of Directors approved FinecoBank's Organisation Management and Control Model (below the "**Model**"), pursuant to Legislative Decree no. 231 of June 8, 2001, on "*Provisions for the administrative liability of company bodies, Companies and associations also without legal status*" (the "**Legislative Decree 231/2001**"). This document was subsequently amended to take into account subsequent regulations and the current version was approved by the Board of Directors by resolution of December 15, 2020.

Currently, the Model is comprised of:

- (i) a **general part**, divided into seven chapters, which describes the following: the scope and purposes of the Model; the applicable regulatory framework; the description of the management and control system adopted by FinecoBank to mitigate the risk of commission of offences pursuant to Legislative Decree 231/2001; the functioning of the body appointed to supervise the functioning of and compliance with the Model; the disciplinary system and related penalties; the information and training plan to be adopted in order to guarantee knowledge of the measures and provisions of the Model; the criteria for updating and adapting the Model;
- (ii) a **special part**, containing the decision protocols.

The Model includes the following attachments, which are an integral part of it:

- Attachment 1 containing the "*List of predicate offences and individual criminal offences*";
- Attachment 2 containing the "*Code of ethics pursuant to Legislative Decree 231/01*" which sets out the rules to guarantee that the conduct of the Model's recipients is always based on criteria of fairness, collaboration, loyalty, transparency and mutual respect, and also to avoid conduct that may constitute the criminal offences and predicate administrative offences;
- Attachment 3 "*Information flows to the Supervisory Committee*".

In addition, on May 11, 2012, the Board of Directors resolved to adopt the Group Integrity Charter and Corporate Governance Code (last updated by resolution of July 4, 2017, and currently being revised). The document (below also the “**Code**”) supplements the current rules on banking, investment services and employment, identifying the fundamental principles of conduct for those working for the company. The Code therefore concerns all persons performing activities on behalf of the Company: members of supervisory, management and control bodies of the Company, employees, personal financial advisors authorised for cold-calling, outsourcers.

In accordance with provisions in Article 6, paragraph 1 of Legislative Decree 231/2001, the Company has also established a specific body (below, the “**Supervisory Committee**”) to monitor the functioning of and compliance with the Model, and its continual updating.

For this purpose, the Supervisory Committee, among other things: *(i)* has independent powers to act and carry out controls, and independent spending powers; *(ii)* periodically reports to the Risk and Related Parties Committee on the Model’s functioning; and *(iii)* provides the Board of Directors, on an annual basis, a written report on the implementation status of the Model, and in particular, on controls carried out and on critical aspects and anomalies identified.

The term of office of the members of the Committee is the same as the Board of Directors which appointed it and its members can be re-elected.

The current Board of Directors was appointed by resolution of the Board of Directors on June 9, 2020, for a term of three years (2020-2022). Its composition was also changed on that date, with a reduction from two to one “internal member”, identified as the Head of Internal Audit, and the consequent departure of the Head of Legal & Corporate Affairs and the Head of Compliance. As a result, at the date of approval of this Report, the composition of the Supervisory Committee was as follows.

NAME AND SURNAME	POSITION
Marianna Li Calzi	External member (Chairman)
Salvatore Messina	External Member
Patrizia Verdesca	Head of Internal Audit

The Model adopted by the Company, as described above, is available on the Issuer’s website: [www.finecobank.com](https://images.finecobank.com/common/pub/pdf/corporate/governance/modello-organizzazione-gestione.pdf). at the following link <https://images.finecobank.com/common/pub/pdf/corporate/governance/modello-organizzazione-gestione.pdf>.

#### 12.4 External Auditors

In accordance with the regulatory provisions, FinecoBank considers the statutory auditing firm (below the “**External auditors**”) to be an actor in the Group’s Internal Control System. As also envisaged by Legislative Decree 39 of January 27, 2010, and Regulation (EU) 537/2014, the External auditors provide their opinion on the financial statements annually in a specific report and verify, during the course of the year, that the company accounts are properly kept and that the operating events are correctly recorded in the accounting records.



In addition, the External auditors, again in accordance with the provisions of Legislative Decree 39 of January 27, 2010, and Regulation (EU) 537/2014, submit a report to the Board of Statutory Auditors on the key issues that emerged during the independent audit and in particular on any deficiencies found in the Internal Control System in relation to the financial reporting process.

The Shareholders' Meeting of April 16, 2013, engaged Deloitte & Touche S.p.A., pursuant to Article 16, paragraph 1 of Legislative Decree no. 39 of January 27, 2010, *(i)* for the audit of the financial statements of the Issuer for the years from December 31, 2013, to December 31, 2021 (included), including the auditing of the company's accounts; and *(ii)* for the limited scope audit of interim reports from June 30, 2013, to June 30, 2021 (included). From the financial statements as at December 31, 2017, first year of presentation of the consolidated financial statements, the External Auditor has also been engaged to audit the consolidated financial statements of the Company.

### **12.5 Financial Reporting Officer**

As established by Article 28 of the Articles of Association and subject to the mandatory opinion of the Board of Statutory Auditors, the Board of Directors appoints the Officer responsible for preparing the financial reports (below the "**Financial Reporting Officer**"), pursuant to Article 154-*bis* of the TUF.

The Financial Reporting Officer is selected by the Board of Directors from the senior managers of the Company that have specific expertise, in administrative and accounting terms, of lending, finance, securities or insurance. This expertise, to be verified by the Board of Directors, must be gained from professional experience in a position of adequate responsibility for a suitable period and in enterprises comparable to the Company. The Financial Reporting Officer must also meet the good standing requirements laid down by the applicable regulations for positions indicated in the Articles of Association. If the Officer no longer meets the good standing requirements, he/she shall be removed from office.

In compliance with Article 154-*bis* of the TUF, the Financial Reporting Officer is responsible for: *(i)* establishing adequate administrative and accounting procedures for preparing financial statements and any other kind of financial disclosure; *(ii)* including a written statement with the documents and notices required by law or disclosed to the market, containing information and data on the financial position and performance of the Company, declaring that this information and data is accurate; *(iii)* arranging for the preparation of the financial statements, interim reporting; and *(iv)* within his/her areas of responsibility, representing the Bank in relations with the international financial community.

By resolution of April 28, 2020, subject to approval from the Board of Statutory Auditors and in compliance with Article 154-*bis*, paragraph 1 of the TUF and Article 28 of the Articles of Association, the Board of Directors of the Company renewed the appointment, for a three year period, of Ms. Lorena Pelliciani (the Chief Financial Officer of the Bank) as the Financial Reporting Officer of the Company, who is assigned the duties envisaged in Article 154-*bis* of the TUF described above.

Ms. Lorena Pelliciani has gained considerable experience as Chief Financial Officer of FinecoBank and therefore has excellent knowledge of processes for the preparation of the Company's accounting and financial documents. She therefore meets the professional standing requirements established in Article 28 of the Articles of Association.

The Board of Directors also gave Ms. Lorena Pellicciari the following powers, in order for her carry out her duties as Financial Reporting Officer:

- (i) unrestricted access to all information considered relevant for her duties within the Company;
- (ii) taking part in Board Meetings dealing with matters in her area of responsibility;
- (iii) liaising with the Company's management and control bodies;
- (iv) approving company procedures, when they have an impact on the financial statements or other documents that are certified;
- (v) involvement in the design of IT systems that have an impact on the Company's financial position and performance;
- (vi) using the internal audit, organisation and compliance function to map and analyse processes within her area of responsibility and carry out specific controls;
- (vii) using IT systems;
- (viii) updating, amending and supplementing, also with the assistance of external advisors, procedures on: (a) the standardisation of information flows to the Financial Reporting Officer; and (b) the preparation of financial statements and all other types of financial disclosure.

Lastly, the Board of Directors, in exercising its supervisory powers, has established that the Financial Reporting Officer shall report at least quarterly to the Board of Directors on activities carried out, as well as any critical aspects identified.

### ***Financial reporting process***

As regards the main characteristics of the Internal Control and Risk System in relation to financial reporting, including the reporting of consolidated information, under Article 154-*bis* of the TUF, the Financial Reporting Officer of FinecoBank is responsible for preparing and adopting adequate administrative and accounting procedures for the preparation of the financial statements and the consolidated financial statements, as well as all other forms of financial reporting to the market.

The Financial Reporting Officer, along with the Managing Director and General Manager, in a report on the financial statements (including the consolidated financial statements) and condensed half-year financial statements must also certify:

- the adequacy and actual adoption of administrative and accounting procedures;
- compliance with applicable international accounting standards endorsed by the European Community pursuant to Regulation (EC) No 1606/2002;
- the consistency of the accounting records;
- the accurate representation of the financial position and performance of the Company;
- the inclusion in the report on operations of reliable analysis of the company's performance, operations and situation, along with a description of main risks and uncertainties to which it is exposed.

As established by Article 28 of the Articles of Association, the Board of Directors ensures that the Financial Reporting Officer has adequate powers and resources to carry out the duties established by current regulations, and to comply with administrative and accounting procedures. In carrying out his/her duties, the Financial Reporting Officer may be assisted by all Bank units.

## **12.6 Coordination of entities involved in the internal control and risk management system**

Procedures for interaction between corporate functions and bodies involved in the risk management and control system have been designed to prevent overlapping or gaps as far as possible, or to alter, also substance, the main responsibilities of the corporate bodies concerning the risk management and control system.

The proper functioning of the Internal Control System is based on effective interaction in performing their duties (of providing guidelines, implementation, review and evaluations) between the corporate bodies, their internal committees, the corporate control functions, the external auditors, and the control functions.

Specifically, the Bank has established forms of cooperation and coordination between the control functions, through specific formalized information flows on internal regulations and through managerial committees dedicated to control issues.

Interaction between level two and level three control functions is part of a more general framework of ongoing, proactive cooperation, which is mainly formalized in specific regulations/internal regulations and includes:

- participation in the process of definition and/or updating of internal regulations in relation to risks and controls;
- the exchange of information flows, documents or data, as well as access to all resources or company information in line with the control requirements of functions;
- involvement in board and managerial committees, systematically or on request;
- involvement in working groups, which are set up from time to time for risk and control issues.

The ultimate purpose of the interaction between the control functions and continual reporting by them to the corporate bodies is to establish a corporate governance system that guarantees sound and prudent management, also through more effective monitoring of risk, at all company levels.

Within FinecoBank, the coordination between the corporate bodies and control functions consists of:

- coordination and cooperation procedures;
- application of the Group coordination model defined as part of the management and coordination performed by the Parent Company;
- coordination and cooperation information flows.

Without undermining their mutual independence and respective roles, operational arrangements are established to facilitate forms of coordination between the corporate control and supervisory functions in specific areas, as well as cooperation and liaison between the corporate control functions and between them and the Corporate Bodies, in order to develop control methods that are consistent with the company strategies and operations.



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A series of coordination activities related to the Internal Control System implemented as part of the ordinary work of the committees.

To ensure the coordination and interaction between the various control functions and bodies (required by the corporate, accounting or supervisory regulations), an update of the document "*Document on the corporate bodies and functions with supervisory tasks*" was approved by the Board of Directors at its meeting of July 31, 2020, after consultation with the Risk and Related Parties Committee. This document, which specifies the tasks and responsibilities of the various bodies and control functions and the methods of coordination/collaboration, as well as the information flows exchanged between them as required by the Supervisory Regulations on Corporate Governance, has been circulated to all the units concerned.

### 13. DIRECTORS' INTERESTS AND RELATED-PARTY TRANSACTIONS

The Board of Directors has approved on November 5, 2019<sup>(36)</sup>, after obtaining the favourable opinion of the Risk and Related Parties Committee and Board of Statutory Auditors, the Global Policy for the management of the transactions with:

- related parties in accordance with the Related Parties Regulations;
- associated persons in accordance with the Supervisory Regulations (Part Three, Chapter 11);
- bank corporate officers in accordance with Article 136 TUB;
- other entities identified by the Bank on a discretionary basis.

The Global Policy has updated and replaced the previous “*Procedures for the management of transactions with persons in conflict of interest*”.

The Global Policy addresses governance issues, the scope of the procedures and the procedural and organisational profiles relating to managing transactions with persons in potential conflict of interest in accordance with the applicable regulations above-mentioned, as regards the operations of the Parent Company and the other FinecoBank Group companies (i.e. currently solely FAM).

The Global Policy describes the activities concerning:

- the identification, updating and ongoing monitoring of persons in potential conflict of interest;
- the management of transactions with persons in potential conflict of interest, with regard to, among others: the identification of transactions; the management of the decision-making process; the disclosure and transparency obligations.

It also sets out the:

- procedures for the management of transactions with persons in potential conflict of interest;
- organisational units of FinecoBank involved and their role;
- internal and external information flows, also to the market;
- monitoring and control activities and methods for updating the Global Policy.

With regard to FinecoBank, related parties in accordance with the Related Parties Regulation, associated persons in accordance with the Supervisory Regulations (Part Three, Chapter 11), as well as other persons in potential conflict of interest identified on a discretionary basis by the Bank, constitute the “FinecoBank Perimeter” which together with the “Perimeter of Bank Corporate Officers pursuant to Article 136 of the TUB” identifies parties in potential conflict of interest for the Company.

The “FinecoBank Perimeter”, in turn, is part of the “Single Perimeter” which also includes the “Perimeter of the other Banks and Supervised Intermediaries of the FinecoBank Group”. Moreover, it should be noted that as at the date of approval of this Report, the “Single Perimeter” consisted only of the “FinecoBank Perimeter” because there are no other banks or Supervised Intermediaries within the FinecoBank Group. The only Subsidiary (i.e. FAM) does not qualify as a bank or Supervised Intermediary.

In compliance with the Related-Party Regulations and the Supervisory Regulations (Part Three, Chapter 11), the Global Policy identifies and distinguishes, based on the materiality threshold,

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<sup>(36)</sup> An updated version of the Global Policy was approved by the Board of Directors on January 19, 2021, after examination by the Risk and Related Parties Committee and Board of Statutory Auditors. The Global Policy is available on the Bank’s website: [www.finecobank.com](http://www.finecobank.com), “Corporate” section.



between material transactions, non-material transactions and minor transactions.

As regards transactions with members of the “Single Perimeter”, the Global Policy requires specific information flows to the:

- FinecoBank Oversight Unit;
- Board of Directors and Board of Statutory Auditors;
- Risk and Related Parties Committee;
- Compliance Function;
- Chief Financial Officer.

As can be seen from the above and from the identification of the “Perimeter of Bank Corporate Officers pursuant to Article 136 of the TUB”, the Global Policy also regulates transactions carried out with relevant persons pursuant to Article 136 of the Consolidated Banking Act (i.e. directors – including the Managing Director and General Manager – and statutory auditors – standing and stand-in – as well as certain persons potentially related to them). Pursuant to Article 136 of the TUB, bank corporate officers (or persons potentially related to them) may not enter into obligations of any kind or perform acts of sale or purchase, directly or indirectly, with the bank that they manage, direct or control unless a unanimous resolution of the Board of Directors and the favourable vote of all the members of the Board of Statutory Auditors has been passed, subject to the obligations laid down in the Civil Code with regard to directors’ interests and transactions with related parties and associated persons.

The full text of the Global Policy, to which reference should be made for further details, is available on the Company’s website at [www.finecobank.com](http://www.finecobank.com) in the “Corporate” section.

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Without prejudice to the above, Directors are also subject to the provisions of Article 2391 of the Civil Code concerning directors’ interests and according to which the director must inform the other members of the Board of Directors and the Board of Statutory Auditors of any interest which, on his/her own behalf or on behalf of third parties, he/she may have in a particular transaction of the company, specifying the nature, terms, origin and extent. The related resolution of the Board must adequately justify the reasons and advantages for the Company of the transaction, without prejudice to any other provisions of law or regulations applicable on the subject.

#### 14. APPOINTMENT OF STATUTORY AUDITORS

In compliance with laws and regulations applicable to listed companies, Article 23 of the Articles of Association requires the Board of Statutory Auditors to be appointed by the Shareholders' Meeting, based on lists of candidates submitted by Shareholders (each list shall contain the names of the candidates numbered sequentially), according to the procedure described below.

Pursuant to Article 23, paragraph 2, of the Articles of Association (as amended by the Extraordinary Shareholders' Meeting of February 18, 2020), the Statutory Auditors must be suitable to hold the office, in accordance with the provisions of the legislation in force at the time and the Articles of Association and, in particular, they must meet the requirements of professional expertise, integrity and independence and comply with the criteria of competence, correctness and dedication of time and the specific limits on the number of positions held as set out by legislation in force at the time and by the Articles of Association and in any event those set out by the European Directive no. 36 of June 26, 2013 (CRD IV).

The Statutory Auditors, in addition to the independence requirements provided for by the legislation in force at the time, must satisfy the independence requirements provided for by Article 13, paragraph 3, of the Articles of Association and, therefore, must satisfy the independence requirements set forth in the Corporate Governance Code.

Shareholders can submit a list for the appointment of Statutory Auditors, provided that when they submit the list they hold, alone or in conjunction with other presenting shareholders, at least the minimum percentage of share capital established by the laws and regulations in force at the time. Consob, in its Executive Resolution by the Head of the Corporate Governance Division no. 44 of January 29, 2021, set the minimum shareholding required for FinecoBank to submit lists of candidates for election to the Board of Directors and Board of Statutory Auditors at 1% of share capital.

Ownership of the minimum shareholding required is calculated based on the shares registered for each shareholder on the day when the lists are filed at the Company; the related certification may be submitted after the lists have been filed, provided that it is done within the deadline for publication of the lists.

Each party entitled to vote (as well as *(i)* entitled persons belonging to the same group, intended as a party, which need not be a corporation, exercising control pursuant to Article 2359 of the Civil Code and any subsidiary controlled by, or under the control of the said party, or *(ii)* shareholders who are party to a shareholders' agreement pursuant to Article 122 of the TUF, or *(iii)* entitled persons who are otherwise associated with each other in a material relationship pursuant to current and applicable statutory or regulatory provisions) may submit individually or with others only one list, just like each candidate can be included in only one list, or otherwise be considered ineligible.

Lists are divided in two sections, containing respectively up to three candidates for the position of Statutory Auditor and up to two candidates for the position of Stand-in Statutory Auditor.

At least the first two candidates for the position of Statutory Auditor and the first candidate for the position of Stand-in Statutory Auditor in the respective lists must be entered in the Register of Auditors and have experience as statutory auditors.

Each list for the position of Statutory Auditor and Stand-in Auditor must include a number of candidates of the less represented gender such that the list satisfies at least the minimum gender balance required by the applicable laws and regulations<sup>(37)</sup>.

In order to be valid, the lists must be filed at the Registered Office or Head Office, also by means of remote communication and in accordance with procedures stated in the notice of call which allows for the identification of parties filing the lists, no later than twenty-five days before the date of the Shareholders' Meeting (or within a different deadline according to applicable laws) and must be made available to the public at the registered office, on the Company's website and through other channels provided for under current laws at least twenty-one days prior to the date of the Shareholders' Meeting (or within a different deadline according to applicable laws).

Minority shareholders who are not affiliated with the Shareholders concerned shall be entitled to extend the deadline for submitting lists in the circumstances and according to the procedures in applicable laws and regulations.

Each eligible voter may vote for one list only.

The members of the Board of Statutory Auditors are elected as follows:

- (a) 2 (two) Statutory Auditors and 1 (one) Stand-in Auditor are taken from the list that has received the highest number of votes cast by entitled persons, in the order in which they appear on the list;
- (b) the remaining Statutory Auditor and Stand-in Auditor are taken from the list that has received the most votes after the one referred to in (a) and the first candidates of the relevant section are appointed as the Statutory Auditor and Stand-in Auditor, respectively.

The Chairmanship of the Board of Statutory Auditors will go to the first candidate of the minority list of Statutory Auditors receiving the most votes.

If, in accordance with the deadlines and procedures set forth above, only one list or no list has been submitted, or the lists do not contain the required number of candidates to be elected, the Shareholders' Meeting shall pass a resolution for the appointment or completion of the Board of Statutory Auditors by relative majority. If there is a tie vote between several candidates, a runoff election is held between them with a further vote of the Shareholders' Meeting. The Shareholders' Meeting is required to ensure compliance with the provisions of applicable laws and regulations concerning gender balance.

In the event of death, resignation, withdrawal or removal from office for any other reason of a Statutory Auditor, he/she shall be replaced by the Stand-in Statutory Auditor, from the same list as the outgoing Auditor, in the order in which they appear on the list, in compliance with the minimum number of members entered in the Register of Auditors who have been engaged in auditing activities, and in adherence to gender equality principles. If this is not possible, the outgoing Auditor shall be replaced by the Stand-in Statutory Auditor meeting the specified requirements, taken from the minority list that received the most votes, according to the order in which they appear on the list. Where the appointment of Auditors is not carried out using the list voting system, the Stand-in Statutory Auditor shall take over pursuant to statutory provisions. If

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<sup>(37)</sup> Resolution no. 21359 of May 13, 2020, amended Article 144-*undecies*.1 of the Issuer Regulations, paragraph 3 of which, in its current wording, establishes that “*Where the application of gender division criteria does not result in a whole number of members of the management or control body belonging to the least represented gender, this number is rounded up, except for the corporate bodies made up of three members, for which the rounding takes place by default to the lower unit*”.



it is necessary to replace the Chairman, the Stand-in Statutory Auditor taking over shall also serve as Chairman. The Shareholders appoint or replace Auditors in meetings called in accordance with Article 2401, paragraph 1 of the Civil Code in compliance with the principle of adequate representation of minority shareholders and gender balance. Where the appointment of the Stand-in Statutory Auditor to replace the Statutory Auditor is not confirmed by the Shareholders' Meeting, he/she shall return to his/her position as Stand-in Auditor.

## 15. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS

Pursuant to Article 23 of the Articles of Association and in compliance with current rules and regulations, at least 2 Statutory Auditors and 1 Stand-in Auditor must have been entered in the Register of Auditors for at least three years and have at least three years' experience as a statutory auditor. Statutory Auditors who are not entered in the Register of Auditors must have gained at least three years' experience in:

- (a) professional activities as a certified public accountant or lawyer, rendered primarily to the banking, insurance and financial sectors;
- (b) performing university teaching on subjects relating to – in the legal field – banking, commercial, tax and financial markets law and – in the business/finance field – banking operations, business economics, accountancy, economics of the securities market, economics of financial and international markets, corporate finance;
- (c) performing managerial duties in public entities or public administrations, in the credit, financial and insurance sector or in the provision of investment services or in collective asset management, as both defined by the TUF.

Pursuant to the Articles of Association, the Statutory Auditors must be suitable to hold the office, in accordance with the provisions of the legislation in force at the time and the Articles of Association and, in particular, they must meet the requirements of professional expertise, integrity and independence and comply with the criteria of competence, correctness and dedication of time and the specific limits on the number of positions held as set out by legislation in force at the time and by the Articles of Association and in any event those set out by the European Directive no. 36 of June 26, 2013 (CRD IV)<sup>(38)</sup>.

The Statutory Auditors, in addition to the independence requirements provided for by the legislation in force at the time, must satisfy the independence requirements provided for by Art. 13, paragraph 3, of the Articles of Association.

Furthermore, in application of the recommendations in Application Criterion 8.C.1 of the Corporate Governance Code, the Statutory Auditors of FinecoBank must satisfy the independence requirements in Article 3 of the Corporate Governance, as well as the requirements laid down in Article 148, paragraph 3 of the TUF.

In application of Article 144-*novies* of the Issuer Regulations and the above Application Criterion,

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<sup>(38)</sup> On February 18, 2020, the Shareholders' Meeting in extraordinary session approved a number of amendments to the Articles of Association, including those to Article 23, paragraph 2 concerning the requirements for members of the Board of Statutory Auditors. In this regard, specific reference was made to the application of the criteria laid down by the applicable European regulations, with the establishment, in addition to the requirements of professional expertise and integrity, of the criteria of competence, propriety, availability of time and limits to the number of positions held as laid down by the applicable regulations.

the satisfaction of the above requirements by the members of the Board of Statutory Auditors is assessed by the competent body: (i) following appointment, the outcome of which is disclosed to the market by means of a press release; (ii) on an annual basis, reporting the results thereof in the annual corporate governance report.

The Company's Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting held on April 28, 2020, and will remain in office until the approval of the financial statements for the year 2022.

The Statutory Auditors were appointed based on a list voting system, pursuant to Article 23 of the Articles of Association and in compliance with applicable laws and regulations. Specifically, a list of candidates was submitted by several asset management companies and institutional investors (owners of a total of 32,243,324 ordinary shares representing 5.29155% of the share capital), which nominated: (a) Elena Spagnol, Massimo Gatto and Chiara Orlandini for the position of Statutory Auditor; (b) Luisa Marina Pasotti and Giacomo Ramenghi for the position of Stand-in Auditor.

The following documents were filed and published along with the two lists, in the manner required:

- (i) a statement from shareholders other than shareholders that hold, also jointly, a controlling or relative majority interest, certifying the absence of any connection and/or significant relations with the latter as provided for by Article 147-ter, paragraph 3 of the TUF and Article 144-quinquies of the Issuer Regulations, also having taken note of the Consob recommendations in its Communication no. DEM/9017893 of February 26, 2009;
- (ii) comprehensive information on the personal and professional characteristics of the candidates included in the list (curriculum vitae and the list of administration, management and control positions they hold in other companies, relevant under law);
- (iii) statements whereby individual candidates irrevocably accepted the position (subject to their appointment) and certified, under their responsibility, that there were no grounds for their ineligibility or incompatibility to stand as candidate, and that they met the requirements of applicable laws, regulatory provisions, the Articles of Association and Corporate Governance Code.

The lists, together with the above documents, were filed on the Company's website ("*Governance/Shareholders' Meetings*" section).

The Shareholders' Meeting of April 28, 2020, then appointed the Board of Statutory Auditors (comprising three Statutory Auditors and two Stand-In Auditors) for the 2020-2022 period in the persons of Elena Spagnol, Massimo Gatto and Chiara Orlandini, as Statutory Auditors, and Luisa Marina Pasotti and Giacomo Ramenghi, as Stand-In Auditors.

For details of the percentage votes for the above list with respect to voting capital, see the summary report on voting, available on the Company's website ("*Governance/Shareholders' Meeting*" section).

The Shareholders' Meeting also resolved, taking into account the indications from the Board of Directors and the recommendations from the Remuneration Committee, to set the annual remuneration of the Chairman of the Board of Statutory Auditors at €65,000.00 and of the Statutory Auditors at €50,000.00, in addition to an attendance fee of €600.00 for each meeting of the Board of Statutory Auditors. In this context, the remuneration is commensurate with the commitment required, the importance of the role covered, the size of the company and the characteristics of its industry sector, also taking into account the assumption by FinecoBank of

the role of Parent Company of a Banking Group following its departure from the UniCredit Group, and the consequent greater commitment required from the Board, which is in line, moreover, with the provisions of the Qualitative/Quantitative Profile of the Board of Statutory Auditors (as defined below).

On September 16, 2020, Ms. Elena Spagnol resigned from her position as Chairman of the Board of Statutory Auditors of the Bank, with effect from October 1, 2020, and in compliance with laws and the Articles of Association, the Stand-in Auditor Ms. Luisa Marina Pasotti, also from the list submitted by several asset management companies and institutional investors, took over the position of Statutory Auditor with effect from October 1, 2020, as Statutory Auditor and Chairman of the Board of Statutory Auditors. In addition, on September 5, 2020, Ms. Chiara Orlandini resigned from her position as Statutory Auditor of the Bank, with effect from October 12, 2020, and in compliance with laws and the Articles of Association, the Stand-in Auditor Mr. Giacomo Ramenghi, also from the list submitted by several asset management companies and institutional investors, took over the position of Statutory Auditor. Both Statutory Auditors will remain in office until the next Shareholders' Meeting scheduled for April 28, 2021.

The table below provides relevant information about each member of the Board of Statutory Auditors in office as of the date of this Report.

Position	Members	Born in	Date of first appointment *	In office since	In office until	List **	Indep. Corporate Governance Code	Participation in Board of Statutory Auditors' meetings ***	Number of other positions ****
Chairman	Luisa Marina Pasotti	1961	04/28/2020  (Initially appointed as stand-in auditor; subsequently appointed as statutory auditor on 10/01/2020 until the next Shareholders' Meeting on 04/28/2021)	10/01/2020	Shareholders' Meeting approval of the Financial Statements as at 12/31/2020		X	11/11  (100%) <sup>(39)</sup>	3
Statutory Auditor	Massimo Gatto	1963	04/28/2020	04/28/2020	Shareholders' Meeting approval of the Financial Statements as at 12/31/2022		X	24/24  (100%)	1

<sup>(39)</sup> From October 12, to December 31, 2020.

Statutory Auditor	Giacomo Ramenghi	1970	04/28/2020 (Initially appointed as stand-in auditor; subsequently appointed as statutory auditor on 10/12/2020 until the next Shareholders' Meeting on 04/28/2021)	10/12/2020	Shareholders' Meeting approval of the Financial Statements as at 12/31/2020		X	11/11 (100%)( <sup>40</sup> )	3
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**Quorum required for the submission of lists for the last appointment: 1%**

\* The date of first appointment of each Statutory Auditor means the date when the statutory auditor was appointed for the first time (ever) to the Board of Statutory Auditors of the Company.

\*\* This column indicates the list that each Auditor was taken from (“M”: member from the majority list; “m”: member from the minority list).

\*\*\* Percentage attendance at meetings (no. of attendances/no. of meetings held during the actual period office of the person concerned during the Year).

\*\*\*\* Number of offices pursuant to Article 148-bis of the TUF and relevant provisions implementing the Issuer Regulations.

At the next Shareholders' Meeting to be called on April 28, 2021, Shareholders will be called, among other things, to resolve on the confirming the appointment of Ms. Luisa Marina Pasotti and Mr. Giacomo Ramenghi respectively in the roles of Chairman of the Board of Statutory Auditors and Statutory Auditor of the Bank, as well as the addition to the control body with the appointment of two new Stand-In Auditors.

To this end, following the self-assessment carried out and the regulatory changes regarding the suitability requirements for bank corporate officers introduced by the new Ministerial Decree no. 169 of November 23, 2020, by resolution of March 15, 2021, the Board of Statutory Auditors approved an updated version of the document “*Qualitative and quantitative composition of the Board of Statutory Auditors of FinecoBank S.p.A.*”, which was also submitted to the Board of Directors for information at the meeting held on March 16, 2021. This document is available on FinecoBank's website (“*Governance/Shareholders' Meeting*” section).

**Composition of the Board of Statutory Auditors in office up to the Shareholders' Meeting of April 28, 2020**

The Company's Board of Statutory Auditors up to the Shareholders' Meeting held on April 28, 2020, was appointed by the Shareholders' Meeting of April 11, 2017.

The members of the control body were appointed based on a list voting system, pursuant to Article 23 of the Articles of Association and in compliance with applicable laws and regulations. In particular, the following lists of candidates for appointment to the Board of Statutory Auditors were presented:

(<sup>40</sup>) From October 12, to December 31, 2020.



B A N K

- List 1, submitted by UniCredit (owner of a total of 215,066,403 ordinary shares representing 35.39% of the share capital) which nominated: (a) Barbara Aloisi, Marziano Viozzi and Giuseppe Grazia for the position of Statutory Auditor; (b) Federica Bonato and Marzio Duilio Rubagotti for the position of Stand-in Auditor;
- List 2, submitted by several asset management companies and institutional investors (owners of a total of 16,347,439 ordinary shares representing 2.6901% of the share capital), which nominated: (a) Stefano Fiorini and Paola Carrara for the position of Statutory Auditor; (b) Elena Spagnol and Giorgio Mosci for the position of Stand-in Auditor.

The following documents were filed and published along with the two lists, in the manner required:

- (i) a statement from shareholders other than shareholders that hold, also jointly, a controlling or relative majority interest, certifying the absence of any connection and/or significant relations with the latter as provided for by Article 147-ter, paragraph 3 of the TUF and Article 144-quinquies of the Issuer Regulations, having also taken note of the Consob recommendations in its Communication no. DEM/9017893 of February 26, 2009;
- (ii) comprehensive information on the personal and professional characteristics of the candidates included in the list (curriculum vitae and the list of administration, management and control positions they hold in other companies, relevant under law);
- (iii) statements whereby individual candidates irrevocably accepted the position (subject to their appointment) and certified, under their responsibility, that there were no grounds for their ineligibility or incompatibility to stand as candidate, and that they met the requirements of applicable laws, regulatory provisions, the Articles of Association and Corporate Governance Code.

The lists, together with the above documents, were filed on the Company's website ("*Governance/Shareholders' Meetings*" section).

The Shareholders' Meeting of April 11, 2017, therefore appointed the Board of Statutory Auditors (comprising three Statutory Auditors and two Stand-in Auditors) for the 2017-2019 period as follows:

- from the list submitted by UniCredit, which was voted by the majority of shareholders, Barbara Aloisi and Marziano Viozzi were appointed as Statutory Auditors, and Federica Bonato was appointed as Stand-in Auditor;
- from the list submitted by several asset management companies and institutional investors, which was voted by the minority of Shareholders, Stefano Fiorini was appointed as Statutory Auditor and Chairman and Elena Spagnol as Stand-in Auditor.

For the percentage of votes for the above lists in relation to voting capital, see the summary report on voting, available on the Company's website ("*Governance/Shareholders' Meeting*" section).

The Shareholders' Meeting also confirmed the annual fees it had already established for the previous term of office of the Board of Statutory Auditors, also based on information from the outgoing Board of Statutory Auditors, to enable shareholders and candidates to evaluate their adequacy. In this context, the fees are commensurate with the activities required, the significance of the role held as well as the Company's size and industry sector.

On September 4, 2017, Mr. Stefano Fiorini resigned from his position as Chairman of the Board of Statutory Auditors of the Bank, with immediate effect, and in compliance with laws and the Articles of Association, the Stand-in Auditor Ms. Elena Spagnol, also from the minority list, took

over the position of Statutory Auditor and Chairman of the Board of Statutory Auditors, on the same date, until the next Shareholders' Meeting. Consequently, the Shareholders' Meeting held on April 11, 2018, in ordinary session, completed the Board of Statutory Auditors by confirming Ms. Elena Spagnol as Statutory Auditor (replacing Mr. Stefano Fiorini) and appointing Mr. Gianfranco Consorti as Stand-in Auditor. Those roles will expire at the expiration date of the Board of Statutory Auditors, i.e. at the Shareholders' Meeting called to approve 2019 financial statements. The appointments were approved by the majority required by law and without the "list rating" mechanism. Minorities and gender diversity criteria set by the law were complied with. Ms. Elena Spagnol – as a representative of the minorities – has been appointed as Chair.

The table below provides relevant information about each member of the Board of Statutory Auditors in office up to April 28, 2020.

Position	Members	Born in	Date of first appointment *	In office since	In office until	List **	Indep. Corporate Governance Code	Participation in Board of Statutory Auditors' meetings ***	Number of other positions ****
Chairman	Elena Spagnol	1968	04/11/2017 (Initially appointed as stand-in auditor; subsequently appointed as statutory auditor on 09/04/2017 until the next Shareholders' Meeting on 04/11/2018)	04/11/2018	Shareholders' Meeting approval of the Financial Statements as at 12/31/2019	m	X	11/11 (100%)	2
Statutory Auditor	Barbara Aloisi	1967	04/17/2012	04/11/2017	Shareholders' Meeting approval of the Financial Statements as at 12/31/2019	M	X	11/11 (100%)	5
Statutory Auditor	Marziano Viozzi	1946	04/16/2013	04/11/2017	Shareholders' Meeting approval of the Financial Statements as at 12/31/2019	M	X	10/11 (90%)	3
Stand-in	Federica	1955	04/15/2014	04/11/2017	Shareholder	M	X		5

Auditor	Bonato				s' Meeting approval of the Financial Statements as at 12/31/2019			--	
Stand-in Auditor	Gianfranco Consorti	1950	04/11/2018	04/11/2018	Shareholder s' Meeting approval of the Financial Statements as at 12/31/2019	--	X	--	7
<b>Quorum required for the submission of lists for the last appointment: 1%</b>									
<p>* The date of first appointment of each Statutory Auditor means the date when the statutory auditor was appointed for the first time (ever) to the Board of Statutory Auditors of the Company.</p> <p>** This column indicates the list that each Auditor was taken from (“M”: member from the majority list; “m”: member from the minority list).</p> <p>*** Percentage attendance at meetings (no. of attendances/no. of meetings held during the actual period office of the person concerned during the Year).</p> <p>**** Number of offices pursuant to Article 148-bis of the TUF and relevant provisions implementing the Issuer Regulations.</p>									

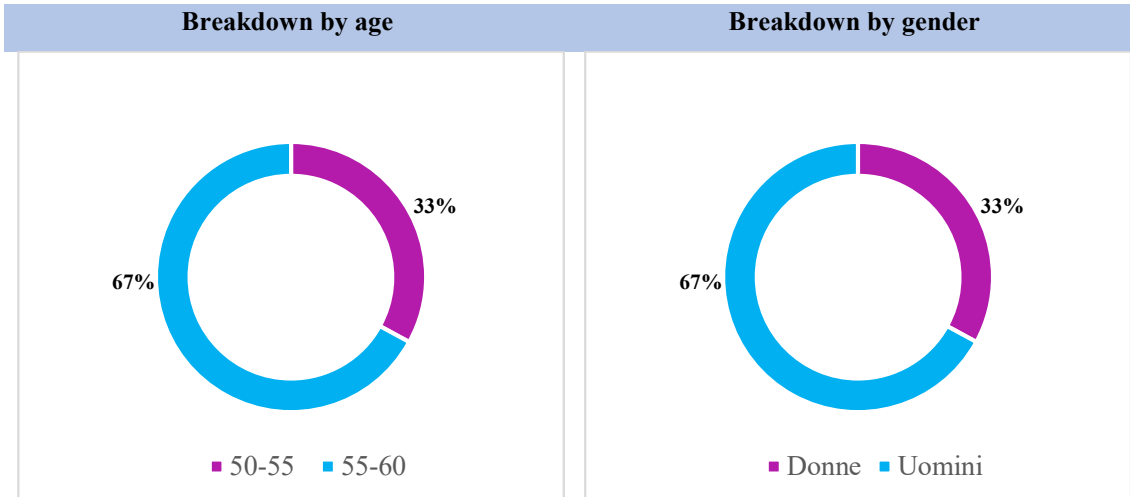
Lastly, in view of the renewal of the Board of Statutory Auditors during the Year, FinecoBank’s Board of Statutory Auditors has deemed it appropriate to proceed, also in light of the increasingly complex regulations on the requirements of bank corporate officers, to identify the theoretical profile of candidates for the appointment of Statutory Auditors in order to identify the qualitative and quantitative composition deemed optimal for the effective performance of the tasks and responsibilities entrusted to the Statutory Auditors of FinecoBank by law, the supervisory regulations and the Articles of Association.

To this end, following the self-assessment carried out, by resolution of March 11, 2020, the Board of Statutory Auditors approved the document “*Qualitative and Quantitative Composition of the Board of Statutory Auditors of FinecoBank S.p.A.*” (the “Qualitative/Quantitative Profile of the Board”), which was also submitted to the Board of Directors for information at the meeting held on March 12, 2020. This document is available on FinecoBank’s website (“*Governance/Shareholders’ Meeting*” section).

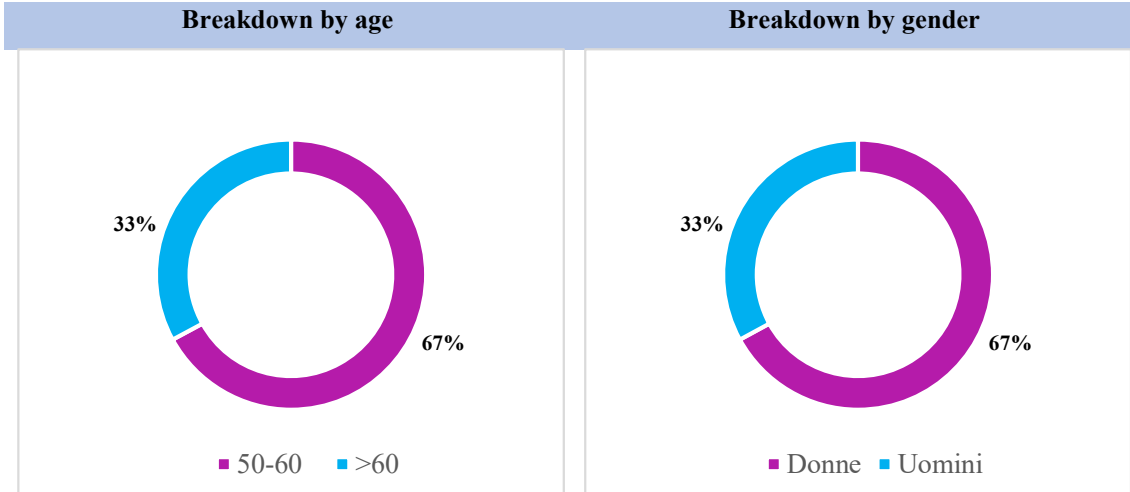
### **Diversity policies**

Subject to the applicable laws and regulations, on March 11, 2020, the Board of Statutory Auditors approved the above-mentioned Qualitative/Quantitative Profile of the Board for the renewal of the Board, which contains the general guidelines on structure, composition and diversity, both in terms of gender and age and previous professional experience. The Qualitative/Quantitative Profile of the Board has also been drawn up taking into account the EBA/ESMA Joint Guidelines on verifying the suitability of the members of the strategic supervision and management bodies, as well as the holders of key functions, most recently published on March 21, 2018, and effective from June 30, 2018, and the EBA Guidelines on Internal Governance (2017), which entered into force on June 30, 2018.

A breakdown of the members in office of the Board of Statutory Auditors by age and gender is provided below.



A similar breakdown is also provided for the Board of Statutory Auditors in office up to the Shareholders' Meeting of April 28, 2020.



\* \* \*

The members of the Board of Statutory Auditors meet the requirements of applicable laws and regulations.



For details of the personal and professional profile of each Auditor, see the information published on FinecoBank's website ([www.finecobank.com](http://www.finecobank.com) "Governance" section).

The members of the Board of Statutory Auditors have not provided advisory services to the Issuer.

After its appointment, the Board of Statutory Auditors verified, among other things, that each member met the independence requirements of the TUF and the Corporate Governance Code and sent the results to the Board of Directors. The Board also carried out another verification of satisfaction of the requirements by Ms. Luisa Marina Pasotti and Mr. Giacomo Ramenghi when they took over the positions of Chairman of the Board of Statutory Auditors and Standing Auditor, respectively, following the resignation of Ms. Elena Spagnol and Ms. Chiara Orlandini.

In particular, with regard to the independence requirements, no additional criteria were used apart from the criteria laid down in Article 148, paragraph 3 of the TUF, in any applicable industry regulations, and in the Corporate Governance Code. The results of the verifications were published in a press release to the market.

The Statutory Auditors are subject to the limit on the number of positions held pursuant to Article 144-*terdecies* of the Issuer Regulations. To the best of the Company's knowledge, as at the date of approval of this Report, none of the members of the Board of Statutory Auditors exceeds the limits on the number of board mandates referred to in Article 144-*terdecies* of the Issuer Regulations. In addition to the above, the table below shows the overall number of positions held by Statutory Auditors in office at the date of approval of this Report (including the position held in FinecoBank). The limit on the total number of positions held as Statutory Auditors, in line with the Directive CRD IV and the European Banking Authority guidelines on the suitability of the members of the management body and key personnel, issued on March 21, 2018, and applicable from June 30, 2018, was considered to have been met in view of the requirements applicable to positions held in the same group and to positions held in non-commercial organisations (that are not relevant for the total number of positions), and of the statements provided by the Auditors.

Name	Total number of positions held by the Statutory Auditors	Number of relevant positions held
Luisa Marina Pasotti <i>Chairman</i>	7 non-executive positions	4 non-executive positions <sup>(1)</sup>
Massimo Gatto <i>Statutory Auditor</i>	3 non-executive positions	3 non-executive positions
Giacomo Ramenghi <i>Statutory Auditor</i>	10 non-executive positions	4 non-executive positions <sup>(1)</sup> <sup>(2)</sup>
<p><sup>(1)</sup> Considering the impact of positions held in organisations that are chiefly non-commercial, the total number of positions held complies with the limits set.</p> <p><sup>(2)</sup> Considering the impact of positions in the same group, the total number of positions held complies with the limits set.</p>		

In the interest of a more complete and detailed representation of the corporate governance for the Year, the same table is provided below for the members of the Board of Statutory Auditors in office up to April 28, 2020.

Name	Total number of positions held by the Statutory Auditors	Number of relevant positions held
Elena Spagnol <i>Chairman</i>	3 non-executive positions	3 non-executive positions
Barbara Aloisi <i>Statutory Auditor</i>	7 non-executive positions	5 non-executive positions <sup>(1)</sup>
Marziano Viozzi <i>Statutory Auditor</i>	4 non-executive positions	4 non-executive positions
<p><sup>(1)</sup> Considering (i) the impact of positions in the same group; (ii) that positions in companies whose purpose is to segregate and manage their own family assets are not relevant, as well as (iii) the residual duration of the office in FinecoBank with regard to the position held in companies belonging to the UniCredit Group (group to which FinecoBank also belonged until May 10, 2019, and, therefore, until that date was not relevant for the purposes of limits on number of positions held), also taking into account the time commitment required from the Statutory Auditor to carry out that position, the total number of positions is not considered significant for the purposes of exceeding the limits on the number of positions held in accordance with the applicable regulations.</p>		

The Statutory Auditors must also take into account the provisions of Article 36, of Decree Law no. 201 of December 6, 2011, converted with amendments into Law no. 214 of December 22, 2011, containing provisions on “personal crossholdings in the credit and financial markets” under which it is forbidden for “*those who hold positions in the management, control and supervisory bodies and the senior officers of firms or groups of firms engaged in credit, insurance and financial markets, to accept or exercise similar positions in competing firms or groups of firms*” (than on interlocking directorates). Those who hold incompatible positions must notify the option exercised within 90 days of the appointment. Otherwise, on expiry of this deadline, they shall be removed from both offices. As regards the above, incompatibility due to interlocking positions does not apply for any of the Statutory Auditors in office.

The special authorisation procedure pursuant to Article 136 of the TUB applies, in the case of obligations of any kind or sale transactions undertaken by members of the Board of Statutory Auditors, directly or indirectly, with the bank in which they hold a position.

Statutory Auditors that have an interest in a specific transaction of the Issuer, on their own account or on behalf of others, must promptly inform other Statutory Auditors and the Chairman of the Board of Directors in detail regarding the nature, terms, origin and extent of their interest.

\* \* \*

Article 24 of the Articles of Association establishes that, in order to properly perform its tasks, and in particular to fulfil its obligation to promptly inform the Bank of Italy, and other Supervisory Authorities where required, on management irregularities or regulatory violations, the Board of Statutory Auditors is vested with the broadest powers provided for by current laws and regulations.

The Board of Statutory Auditors, without prejudice to any other or more specific duty and power assigned to it by primary and secondary laws and regulations in force, monitors compliance with laws, regulations and the Articles of Association, as well as proper management, the adequacy of organisational and accounting arrangements of the Bank, the risk management and control system, and the functioning of the overall internal control system, the independent audit of the accounts, the independence of the external auditors, and the financial reporting process.

In performing its duties, the Board of Statutory Auditors liaises with the Internal Audit function and the Risk and Related Parties Committee, through ongoing communication and the exchange of information, and by taking part in meetings of the aforementioned Committee.

Subject to the right of all Statutory Auditors to attend the meetings and the duty to attend the meetings of the Risk and Related Parties Committee for the Chairman of the Board or another Auditor designated by that Chairman, the Chairman of each board committee may invite the Chairman of the Board of Statutory Auditors or another auditor designated by him/her.

\* \* \*

The Chairman of the Board of Directors ensures that Statutory Auditors can take part, after their appointment and during their term of office, in the most appropriate way, in initiatives to give them adequate knowledge of the sector in which the Issuer operates, of company dynamics and their evolution, principles of correct risk management as well as the applicable legal and self-regulatory framework. During the Year, all the Statutory Auditors took part in “induction and training courses” referred to in Section 4.2.2. of this Report, and in specific cases in external courses.

\* \* \*

The Board of Statutory Auditors met thirty-five times during the Year. The average duration of the meetings was around 2 hours and 27 minutes. For 2021, twenty-eight meetings of the Board of Statutory Auditors have been scheduled, of which eleven had already been held as at the date of approval of this Report.

For further information on the establishment, duties and functioning of the Board of Statutory Auditors, see the chapter “*Board of Statutory Auditors*” of FinecoBank’s Corporate Bodies Regulations, available on the Issuer’s website.

### **Self-assessment**

The Board of Statutory Auditors carried out its annual self-assessment pursuant to the Corporate Bodies Regulations adopted in compliance with the Supervisory Regulations on Corporate Governance and the recommendations of the Corporate Governance Code. Its assessment confirmed the suitability of all members of the Board of Statutory Auditors and the adequacy of the composition of the Board with respect to the requirements set forth by the applicable regulations, as well as a balanced distribution of competences within the Board.

The Board reported on its self-assessment during the meeting of the Board of Directors held on March 16, 2021.



## 16. RELATIONS WITH SHAREHOLDERS

The Company considers it in its own interests and a duty towards the market to engage with its shareholders and institutional investors, in compliance with the procedure for disclosing company documents and information to the market, and in general in compliance with laws and regulations governing the disclosure of inside information applicable to listed companies.

In this context, the Company, in compliance with Article 9 of the Corporate Governance Code, considers the Shareholders' Meeting an important opportunity for Shareholders and Directors to engage, and consequently adopts measures that encourage shareholders to take part in the Shareholders' Meeting and exercise their right to vote. In this respect, subject to the conditions described in Paragraph 17 below, Shareholders' Meetings are held on single call, in accordance with Article 7 of the Articles of Association.

Pursuant to Article 135-*undecies* of the TUF, the Company may appoint, for each Shareholders' Meeting, with information given in the notice of meeting, a person (company-appointed representative), that shareholders may appoint to act as proxy with instructions to vote on all or some items on the agenda, according to the terms and procedures established by law.

Pursuant to Application Criterion 9.C.1 of the Corporate Governance Code for Listed Companies, relations with institutional investors are overseen by the Investor Relator with the task to report continually to the Company's Senior Management on the disclosure requirements for the financial market and in particular for investors.

The Investor Relator is therefore the point of contact between the Issuer and the market and works with the entire company to maintain and promote compliance with regulations on company reporting.

\* \* \*

The Company has created a specific section on its website [www.finecobank.com](http://www.finecobank.com) – which is easily identifiable and accessible – with information on the Company that is significant for shareholders, to enable them to exercise their rights in an informed manner. In particular, the section includes updated information on the Company and services offered, key documents on corporate governance, as well as all press releases on main company events, in addition to financial and accounting information. Information on the website is updated as promptly as possible, to guarantee the transparency and effectiveness of the disclosure to the public.

## **17. SHAREHOLDERS' MEETINGS (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER C) OF THE TUF)**

In compliance with regulatory and legal provisions in force, the Ordinary Shareholders' Meeting, pursuant to the Articles of Association, is convened at least once a year, within 120 (one hundred and twenty) days from the end of the financial year, to resolve on items in its remit as established by the applicable regulations and the Articles of Association. The Extraordinary Shareholders' Meeting is convened whenever there is a need to resolve on items in its remit as established by the applicable regulations.

The Shareholders' Meeting is convened as one session in compliance with laws in force, however, in order to maintain adequate organisational flexibility, the Articles of Association establish that the Board may convene several sessions for individual Shareholders' Meetings.

Meetings are convened within the legal deadlines, by notice published on the Company's website, and through the other methods envisaged by the applicable regulations. The Agenda set within the deadlines set by and the Articles of Association, by the person with powers to convene Shareholders' Meetings.

Before the deadline for publishing the notice convening the meeting, based on each item on the agenda – or another deadline set by law – the Board of Directors makes available to the public a report on each item on the Agenda.

The Agenda may be supplemented – according to the circumstances, procedures and deadlines established by the applicable regulations – by shareholders that, also jointly, represent at least 2.5% of the share capital. Shareholders that request the addition of an item to the agenda must prepare a report stating the reasons for the proposals to resolve on the new items. Shareholders may also submit further proposals for resolutions on items already on the Agenda, giving the related reasons.

The Shareholders' Meeting meets at the Registered Office of the company or at another venue in Italy, indicated in the notice of meeting, and resolves with the majorities established by the applicable regulations.

Quorums are not envisaged in the Articles of Association, therefore in order for the Shareholders' Meeting to be duly established and for resolutions to be passed, laws in force shall be observed.

Pursuant to the Articles of Association, and in line with laws in force on remuneration and incentive policies and practices issued by Consob, and, for banks and banking groups, issued by the Bank of Italy, the Ordinary Shareholders' Meeting establishes the fees of the bodies it appoints, and also approves: (i) remuneration policies for Board Directors, employees and persons working for the company on a self-employed basis; (ii) remuneration plans based on financial instruments; (iii) payments agreed on in the event of the early termination of employment or early termination of an appointment, including the limits established for said fees in terms of annual fixed remuneration.

When approving remuneration policies, the Shareholders' Meeting may increase the limit of the ratio between variable and fixed remuneration up to a maximum of 2:1 or, if lower, to the maximum allowed by the applicable regulations. The Shareholders' Meeting votes on the Company's policy on the remuneration of Board Directors, the General Manager and Key Management Personnel, and the procedures used to adopt and implement that policy.

### **17.1 Legitimation, procedures for taking the floor and voting**

Pursuant to the applicable regulations, referred to in Article 8 of the Articles of Association, persons may take part in the Shareholders' Meeting and exercise their voting rights following notification sent to the Company, within the legal established time limits, by the intermediary authorised by law to keep the accounts, based on entries in accounting records relative to the end of the accounting day of the seventh open market day prior to the date established for the Shareholders' Meeting convened as a single session, or as a first session if the Board of Directors has planned for further sessions to take place.

The Articles of Association enable shareholders to take part in the Shareholders' Meeting using telecommunication means and to exercise voting rights digitally. The decision to activate these means is taken by the Board of Directors for each Shareholders' Meeting.

Pursuant to Article 8 of the Articles of Association, each shareholder who is entitled to take part in Shareholders' Meetings can be represented by written proxy by another person, who is not necessarily a shareholder, provided this complies with legal provisions. Voting by proxy may also be authorised by a document signed digitally in accordance with the applicable regulations and notified to the Company at the email address and according to procedures indicated in the notice of meeting, or by means envisaged by the applicable laws and regulations.

In compliance with the Application Criterion 9.C.2 of the Corporate Governance Code, which recommends the involvement of directors in Shareholders' Meetings as an important opportunity for director/shareholder engagement, all directors usually take part in the Shareholders' Meetings of the Company. On these occasions, the Board of Directors, in particular, reports on past and planned activities and ensures shareholders are given sufficient information on items necessary for them to make informed decisions during Shareholders' Meetings.

The Board reports to the Shareholders' Meeting on past and planned activities within the context of the Directors' Report on Operations. It acts to ensure shareholders are given sufficient information on items necessary for them to make informed decisions during shareholders' meetings, in particular making sure that reports of Directors and additional information are made available within the deadlines set by the applicable laws and regulations.

Two Shareholders' Meetings were held during the Year. The first Shareholders' Meeting, convened in ordinary and extraordinary session, was called, among other things, to resolve on the approval of the amendments to the Articles of Association and was held on February 18, 2020. It was attended by seven Directors, the Chairman of the Board of Statutory Auditors and a Statutory Auditor. The second Shareholders' Meeting, convened in ordinary and extraordinary session, was called, among other things, to resolve on the approval of the financial statements and the renewal of the Bank's corporate bodies. In view of the emergency situation resulting from the pandemic and the provisions issued by the Government, this last Shareholders' Meeting, held on April 28, 2020, was conducted through participation of Shareholders by way of the Designated Representative and was attended by nine Directors and the Chairman of the Board of Statutory Auditors via audio-video conference.

### **17.2 Proceedings of shareholders' meetings**

In accordance with the recommendations of the Corporate Governance Code (Application Criterion 9.C.3), as proposed by the Board of Directors, the Shareholders' Meeting has adopted regulations for the orderly and functional proceedings of shareholders' meetings (below the "**Regulations for Shareholders' Meetings**"). The Regulations for Shareholders' Meetings are available on the Company's website ("*Governance/Documents*" section).

Under Article 8 of the Regulations for Shareholders' Meetings, persons who are entitled to take part in shareholders' meetings may take the floor regarding each item to be discussed. Persons intending to take the floor shall request permission from the Chairman, submitting a written request with details of the issue the request refers to, after the Chairman has read the items on the Agenda and until he/she declares the discussion on the issue that the request refers to as close. The Chairman may authorise requests to take the floor to be made with a show of hands, and in this case persons take the floor in the alphabetical order of their surnames.

Article 10 of the Articles of Association also establishes that the Chairman is assisted by a Secretary, selected by the attendees, who may also be a non-shareholder, by majority of those present. Other than in the cases provided for by law, when the Chairman considers it appropriate, a notary may perform the function of Secretary, selected by the Chairman.

### **17.3 Significant changes in capitalisation and composition of the company structure**

The capitalisation of FinecoBank went up by €1,658,738 during the Year, reaching €8,168,024 as at December 31, 2020.

No proposals were made to the Shareholders' Meeting for amendments to the Articles of Association regarding the percentages established for the exercise of the shares and the prerogatives imposed for the protection of non-controlling interests.

## 18. ADDITIONAL CORPORATE GOVERNANCE PRACTICES

Corporate governance practices – in addition to those already indicated above – and besides the obligations established by laws or regulations, include the Company adopting a system for the internal reporting of violations (whistleblowing), in compliance with Supervisory Regulations on Corporate Governance (Part I, Title IV, Chapter 3, Section VIII).

In this context, the Company has appointed the Head of the Compliance Department as the person responsible for the whistleblowing process, with the necessary autonomy and independence from control functions. This position ensures proper management of the procedure and reports directly and without delay to corporate bodies on information reported, where relevant.

In addition, since July 2017, the Company has been admitted to the cooperative compliance regime, in accordance with Articles 3 to 7 of Legislative Decree August 5, 2015, no. 128, and the identification of an adequate tax risk management and control system is one of the essential requirements not only for admission but also for remaining in the aforementioned regime. Accordingly, in 2020, as in previous years, in the context of contacts with the Inland Revenue, both the effectiveness and the adequacy of the system with respect to changes in the scope of business processes, were analysed with positive results.

Moreover, in compliance with the obligations provided for, under the above-mentioned cooperative compliance regime, the Head of the Taxation and Consultancy Unit shares, with the Management and Control Bodies, the prescribed annual report on the management of tax risk containing, in particular, the relevant tax information concerning the Group (i.e., the tax fulfilments carried out, the checks carried out in relation to these, the results that emerged, the mitigation actions taken to remedy any anomalies detected, as well as the planned activities) for the examination and consequent assessments.

In confirmation of its high level of sensitivity in terms of tax risks the Bank has adopted, by resolution of the Board of Directors, (i) from 2017, FinecoBank's tax strategy, updated in January 2020, which focuses on the guidelines and principles adopted by the Bank in managing tax issues and in particular the associated risk (whether of a sanctioning or reputational nature) in line with its strategic objectives and in compliance with OECD recommendations; (ii) in December 2020, the "*Escalation procedure for the analysis and assessment of tax risk and interaction with the Inland Revenue*", which aims to inform the bank's units about the importance of tax issues and assigns the Taxation and Consulting Unit the task of assessing and measuring tax risk, as well as involving senior management in that assessment, in accordance with the provisions of the escalation process.

In particular, in line with the role of guidance and supervision of Tax Compliance, as assigned in the aforementioned tax strategy document, the involvement of senior management (CFO, Managing Director, Board of Directors, following reporting to the Risk and Related Parties Committee) is scaled according to the materiality of the risk or the nature of the damage, both financial and reputational, that the assumption of the tax risk may entail for the Bank.





## 19. CHANGES AFTER THE END OF THE YEAR

No changes in the corporate governance structure have occurred after the end of the Year, other than those specifically described in the Report. On December 15, 2020, the Bank adopted the new Corporate Governance Code, with effect from January 1, 2021. At that time, the Bank approved changes to align its corporate governance structure by means of amendments to the Corporate Bodies Regulations. As required by the Corporate Governance Code, those amendments will be disclosed in the Corporate Governance Report for the year 2021. The new Corporate Bodies Regulations are available on the Issuer's website [www.finecobank.com](http://www.finecobank.com) ("*Governance/Company Positions*" section).

## **20. OBSERVATIONS REGARDING THE LETTER OF DECEMBER 22, 2020, FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE**

The Chairman of the Board of Directors received and informed the Board, during the meeting of January 19, 2021, of the recommendations in the letter of December 22, 2020, of the Chair of the Corporate Governance Committee. The contents of this letter were reported to the Corporate Governance and Environmental and Social Sustainability Committee, the Appointments Committee, the Remuneration Committee and the Risk and Related Parties Committee, in the meetings of January 28, February 8, and February 3, 2021. The recommendations made in the letter have also been submitted to the Board of Statutory Auditors for the aspects within its remit.

Having examined the issues and the principles set out in the letter, taking into consideration the general system and the rules of corporate governance adopted by the Bank in relation to appointments, succession of directors and fit & proper requirements, which are in line with best market practice, and bearing in mind the integration of sustainability within the Bank's strategy as part of a process already started last year and the remuneration policies defined in compliance with the strictest criteria and interpretations of the regulators, the Directors consider that the Company's governance is consistent and substantially aligned with the recommendations set out in the above-mentioned letter.

With a view to further improvement, in the meetings of the Board Committees called to examine the recommendations contained in the letter, changes to the Corporate Bodies Regulations were agreed upon in relation to information provided prior to board meetings and the selection process. On the first aspect, it was agreed to bring the deadline for making financial documents available forward to three working days, to bring it into line with the deadline for all other documents. With regard to the selection of candidates for the position of director, it was agreed to make an addition to the rules for the current process (set out in Annex B of the Corporate Bodies Regulations) to specify, to the extent necessary, that this procedure also applies in the case of the selection of candidates for the position of Managing Director, and also introducing a reference to this process within the Succession Plan, as well as the recruitment of the Chairman of the Board of Directors.

Lastly, with regard to the remarks made by the Corporate Governance Committee in relation to the independence requirement, in order to make a further clarification of a purely formal nature, the criteria already applied by the Bank and disclosed to the market in the published Corporate Governance Reports have been included in the internal policy for assessing the suitability of the Board of Directors and the Board of Statutory Auditors.

*ANNEX I*

*CURRICULA VITAE OF THE COMPANY OFFICERS IN OFFICE AT THE DATE OF THIS REPORT*

**Marco Mangiagalli - Chairman**

Marco Mangiagalli, graduated in Political Economy from Bocconi University in Milan, has spent most of his career within the Eni Group. He has also worked in the Barclays Group in Italy and in the Nuovo Banco Ambrosiano Group. He held at Eni various positions of increasing responsibility until taking on the position of Chief Financial Officer from 1993 to 2008.

He has served on the Board of Directors of numerous companies, including: Agip S.p.A., Polimeri Europa S.p.A., Nuovo Pignone S.p.A., Snamprogetti S.p.A., Saipem S.p.A., Eni International Holding B.V., Eni International Bank Ltd, Albacom S.p.A., Emittenti Titoli S.p.A., Oil Investment Corp., Snam Rete Gas S.p.A., Falck Renewables S.p.A.. He was Chairman of Eni Coordination Center S.A. and Enfin S.p.A..

He was member of the Supervisory Board, Chairman of the Risk Committee, Chairman of the Remuneration Committee and member of the Related Party Transactions Committee of Intesa Sanpaolo S.p.A. in different periods from 2010 to 2016. Following the adoption of the one-tier system by Intesa Sanpaolo S.p.A., he also held the position of member of the Board of Directors and Chairman of the Management Control Committee of the bank for the three-year period 2016-2019.

He has also held the following positions:

2009-2014: member of the Board of Directors and the Control and Risk Committee of Luxottica S.p.A.

2011-2013: member of the Board of Directors and the Control and Risk Committee and Corporate Governance of Autogrill S.p.A.

2008-2010: Chairman of Saipem S.p.A.

He was a member of the Senior Advisory Board of the investment fund Global Infrastructure Partners from 2011 to 2017.

Other than the position of Chairman of FinecoBank, he currently holds the following positions:

(i) Chairman of the Board of Directors of E.I. Towers S.p.A. and (ii) member of the Board of Directors of Finarvedi S.p.A.

**Francesco Saita - Vice Chairman**

Francesco Saita, graduated in Business Administration from Bocconi University in Milan, has been Deputy Chairman of the Board of Directors and Chairman of FinecoBank's Risk and Related Parties Committee (formerly, Audit and Related Parties Committee) since 2014 and, since April 2020, member of the Bank's Corporate Governance and Environmental and Social Committee (formerly, from April 2017 to April 2020, he has been a member of the Corporate Governance, Appointments and Sustainability Committee).

Since 2005, he has been Full Professor of Economics of Financial Intermediaries at the Bocconi University where, since August 2017, he has also held the position of Director of the Financial Education Research Unit of the Baffi Centre for Applied Research on International Markets, Banking Finance and Regulation (BAFFI CAREFIN).

In the course of his career he has also gained the following experience:

2015-2017: Director of the Baffi Centre for Applied Research on International Markets, Banking Finance and Regulation (BAFFI CAREFIN), created from the merger between the Centre for Applied Research in Finance (Carefin, managed from 2011 to 2014) and Paolo Baffi Centre on International Markets, Money and Regulation.

2012-2014: Independent Director of Banca Aletti

2010-2014: Dean of the Graduate School at Bocconi University

2007-2010: Director of the Department of Finance at Bocconi University

2005-2007: Director of the M.Sc. in Finance at Bocconi University

2003-2006: Independent Director of Fondi Alleanza SGR

2001-2007: Deputy Director of the Newfin-Centre for Studies in Financial Innovation at Bocconi University

2001-2005: Associate Professor of Economics of Financial Intermediaries at Bocconi University  
1999-2001: Researcher in Economics of Financial Intermediaries at Bocconi University

He is also a member of scientific committees and editorial boards (including: Editorial Committee of the Study Division of CONSOB, Scientific Committee of the Foundation for Financial and Savings Education (FEDUF) established by ABI) and is an honorary member of AIFIRM (Italian Association of Financial Industry Risk Managers) as well as of the Scientific Committee of the association's journal. He is the author of numerous publications on risk management issues in banks, asset management companies, life insurance companies and derivatives. He has taught numerous courses at Bocconi University where he currently teaches the compulsory course "Quantitative Finance and Derivatives 2" in the M.Sc. in Finance program.

He is currently also a member of the Board of Directors of Aessedomus S.r.l..

**Alessandro Foti - Managing Director and General Manager**

Alessandro Foti graduated with honours in Business and Economics from Bocconi University of Milan in 1984.

He began his professional career in the Financial Management Office of IBM in 1985. After three years of experience in Montedison S.p.A., where he became Head of financial coordination of the group's affiliate companies, in 1989 he joined Fin-Eco Holding S.p.A., with responsibility for capital market operations. In 1993 he became the Head of the operational section for administration, asset management and trading of Fin-Eco Sim S.p.A.. After being appointed as a member of the Board of Directors, General Manager and Managing Director, in 2002 he became Chairman of Fin-Eco Sim S.p.A.. After three years of experience as a member of the Management Committee of Assosim, in October 1999 he was appointed as a member of the Board of Directors of FinecoBank.

In 2001, he became a member of the Supervisory Board of Entrium Direct Bankers AG. From 2003 to 2005, he was a member of the Board of Directors of Ducati Motors Holding S.p.A. and General Manager of FinecoGroup S.p.A. (a company listed on the Midex segment of the Milan Stock Exchange).

From October 1999 to December 2000 he was a member of the Board of Directors of FinecoBank. From December 2000 to date he has served as Chief Executive Officer of FinecoBank and from July 2014 also as General Manager. From May 2010 to January 2015 he was Vice Chairman of the Supervisory Board of DAB Bank AG. From April 2012 to April 2014 he was a member of the Management Committee of Assoreti. From 2013 to 2019 he has been a member of the Executive Management Committee of UniCredit Group. Since April 2014 he has been Director and Vice Chairman of Assoreti. He has been a member of the Board of Directors of Borsa Italiana S.p.A. from July 2014 to October 2020.

In 2017, 2018 and 2019 he was awarded by Institutional Investor as best CEO in Europe in the banking industry for the Small&Mid Cap category.

Since 9 November 2018 he has been a member of the Board of Directors of Bocconi University of Milan.

**Patrizia Albano - Director**

Patrizia Albano, graduated with honors in Law from University “La Sapienza” in Rome, is registered with the Bar Association of Rome. She began her activity working as an internal lawyer at Istituto Mobiliare Italiano S.p.A. from 1981 to 1999, then moved to San Paolo IMI S.p.A. as Head of the Central Legal Department of the Major Customers Division until 2000. She was General Counsel of IBI (today, Alerion Clean Power S.p.A.) and Head of the Corporate Secretariat of Risanamento Napoli S.p.A. and Fincasa S.p.A., both listed on the Italian Stock Exchange.

From 2003 to 2007, Ms. Albano worked at Studio Legale Carbonetti.

Since 2007 she has been practicing at her own firm in Rome and Milan (Albalegal Avvocati) in the field of corporate law and is mainly involved in corporate consulting and capital transactions, banking and financial transactions, as well as institutional and corporate compliance (privacy, anti-money laundering, security, administrative liability of legal persons pursuant to Law 231/2001).

She advises the Prada Group on an ongoing basis. In particular, she assisted Prada S.p.A. in its listing on the Hong Kong Stock Exchange and holds the position of Head of the Group’s Corporate Affairs Department and Company Secretary. In this area, she deals with the governance and corporate legal issues of the listed Parent Company and subsidiaries in Italy and worldwide; supervises the Corporate Secretary, the Shareholdings, compliance and extraordinary transactions. She represented the company at Assolombarda, where she held the position of Chairman of the Fashion and Design Group from February 2015 to January 2018.

In the period April-October 2015 she was a member of the Board of Directors of Banca Carim – Cassa di Risparmio di Rimini S.p.A.. In the period June-December 2016 she also held the position of Director of Mediacontech S.p.A..

Other than the positions as member of the Board of Directors, Nominations Committee and Corporate Governance and Environmental and Social Sustainability Committee of FinecoBank, she currently holds the administration and control offices in Artemide Italia S.p.A., Artemide Group S.p.A. and Piaggio & C. S.p.A..

### **Elena Biffi - Director**

Elena Biffi has more than twenty years of experience as consultant: corporate governance, evaluation of companies, strategic decisions, risk management, quantitative analysis.

She graduated (110 cum laude) in Political Economy from Bocconi University of Milan. She is Independent Director of FinecoBank – where she holds also the position of Chairman of the Nominations Committee and member of the Risks and Related Parties Committee – as well as Independent Director of Arnoldo Mondadori Editore S.p.A..

She is Insolvency Official Receiver of insurance company “La Concordia S.p.A. in LCA” and carries out consulting activities in EM Associates.

She is member of AIAF, Italian Financial Analyst Association, and WCD, Women Corporate Directors.

Elena Biffi is also co-founder of CSIP, Certified Sustainability Insurance Partners (Nonprofit organization for sustainable insurance). Previous positions: Chairman of the Board of Statutory Auditors and the Supervisory Board on the Organizational Model provided for by Italian Legislative Decree no. 231/2001 of Fondartigianato (appointed by the Ministry of Labour and Social Policy); Independent Director of Mediolanum S.p.A. (Bank and Insurance Group), Mediolanum Vita, Mediolanum Assicurazioni. She has been a member of the Supervisory Board of Pension Fund (Vittoria Lavoro) for nine years.

### **Giancarla Branda - Director**

Giancarla Branda graduated in Law and Economics from University “La Sapienza” in Rome, where she also obtained a postgraduate diploma in banking sector. She works as a tax attorney and she is an expert in business income and indirect taxation in the industrial and financial sector. She has carried out numerous due diligence assignments related to the acquisition and privatisation of banking and financial companies. She provides technical assistance in tax litigation at the Italian lower courts and the Supreme Court.

She is currently a partner of Studio Salvini e Soci - Studio Legale e Tributario founded by F. Gallo.

In the course of her career, she has gained the following experience:

1994-2000: Associate Attorney at Law and Tax Firm Ernst & Young International

1988-1994: Associate Attorney at KPMG International Law and Tax Firm

During the 12th Italian Legislature, she collaborated, as an independent technical advisor, with the President of the Finance Commission of the Chamber of Deputies on the drafting of legislative texts on tax matters.

She has taught at the “Scuola Superiore dell’Economia e della Finanza” as well as in postgraduate master’s degrees.

In addition to the positions of member of the Board of Directors and the Remunerations Committee of FinecoBank, she currently holds positions in the control bodies of significant Italian companies. She is also a member of the Supervisory Committee of Banca Network Investimenti in compulsory administrative liquidation by appointment of the Minister of Economy and Finance upon proposal of the Bank of Italy.



**Paola Giannotti De Ponti - Director**

Paola Giannotti De Ponti, born in Alessandria on 13 July 1962, graduated in Political Economics with honours from Bocconi University in Milan and attended university semesters at Universität zu Köln (Cologne, Germany) and New York University.

She has over 30 years of international experience in the financial sector and in the Corporate and Investment Banking area with expertise in corporate finance, equity and bond capital markets, working capital management, structured finance, mergers and acquisitions, project finance. Over the years between New York, London, Milan, Frankfurt and Paris, she has held a variety of operational and management roles within leading global institutions such as Morgan Stanley, Citigroup, Dresdner Bank and BNP Paribas where she was responsible for its Italian strategic clientele (including MEF, Telecom Italia, Eni, Enel, Terna, Ferrovie, Finmeccanica) and the Oil, Gas and Energy sector.

In the past she was member of the Board of Directors of Ansaldo STS S.p.A., UBI Banca S.p.A., EPS Equita PEP SPAC S.p.A. and EPS Equita PEP SPAC 2 S.p.A. and Dresdner Kleinwort Wasserstein SGR.

In 2002 she was awarded the Bellisario Foundation Prize as Manager of the Year. From 2000 to 2012, she was a member of the Council for Italy-United States Relations, under the honorary chairmanship of David Rockefeller. In 2019, she was included in the group of 100 Italian women leaders drawn up by Forbes magazine.

Other than the position as member of the Board of Directors, Risk and Related Parties Committee and Remuneration Committee of FinecoBank, she currently holds administration positions (including board committees) in other significant Italian companies.



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**Marin Gueorguiev - Director**

Marin Gueorguiev graduated in Economics and Business from Ca' Foscari University of Venice in 1998. He obtained the Chartered Financial Analyst (CFA) designation in 2002.

He has gained more than twenty years of experience in providing risk management and internal control systems consultancy services at financial intermediaries and companies in the Energy & Utility sector in Italy and other European countries.

He was Managing Director in the Milan office of Protiviti (2009-2017 and 2004-2007) also covering the south-east European market. Previously he worked in Oliver Wyman, Finance & Risk (2007-2009) and Deloitte, audit and capital market (1997-2004) with the role of Senior Manager.

### **Gianmarco Montanari - Director**

Gianmarco Montanari is General Manager of the Italian Institute of Technology in Genoa.

Previously, he was City Manager (General Manager) of the city of Turin after having worked for twenty years as a manager in top positions in the Automotive, Financial Services, Management Consulting and Central Public Administration sectors, always managing processes of reorganisation and digital transformation of complex companies with modern organisation.

He received a degree in Management Engineering from the Politecnico of Turin followed by four other degrees in Management, Economics, Political Science and Law together with various specialisations in Management from prestigious international business schools (Columbia, Insead, IMD, Bocconi).

He has been a member of numerous boards of private and public companies including the Turin Transport Group, Agenzia delle Entrate in Italy and AGID.

He was honoured first as “Cavaliere” of the Italian Republic and then as an “Ufficiale al Merito” of the Italian Republic.

He is the author of the book “Tech Impact. Luci ed ombre dello sviluppo tecnologico” (“Tech Impact. The Lights and Shadows of Technological Development”) and many other publications, as well as being an authoritative speaker on issues relating to innovation and change management. He is the inventor of IED® Intergenerational Environmental Debt.

Currently, in addition to his position as member of the Board of Directors, the Nominations Committee as well as Chairman of the Remunerations Committee of FinecoBank, he is also member of the Board of Directors of the University of Turin as well as of Reale ITES Information Technology Engineering Services SRL and Reale ITES Information Technology Engineering Services.ESP SL.

**Alessandra Pasini - Director**

Alessandra Pasini, 47 years old, is Chief Financial Officer and Chief International & Business Development Officer of Snam, one of the leading energy infrastructure companies in the world.

Graduated in Business Administration at Luigi Bocconi University, she began her career in the management control of Kraft Jacobs Suchards. In 1997, she joined Citi where she held various positions in the credit and corporate banking departments, also taking on the role of Chief of Staff of the Country Manager for some time. In 2000, she joined the Investment Banking team and was personally involved in the separation of Snam Rete Gas from Eni and its listing as well as in significant M&A transactions, bank debt and capital markets and equity in particular in the utilities, telecom & media and infrastructure sectors.

In 2013, she joined Barclays as Deputy Head of Investment Banking for Italy and in 2015 she became Head of Investment Banking for Italy, overseeing several relevant transactions including the listing of Enav and the demerger of Italgas from Snam, the sale of Telecom Argentina by Telecom Italia and the sale by Eni of its upstream activities in Russia.

She joined Snam in November 2016 as CFO with responsibilities on administration, budget and tax, planning and control, finance, M&A. Since November 2019, she has also taken responsibility for the management of foreign affiliates, international development and Snam Global Solutions.

She is currently independent director of Fineco as well as, within Snam's holdings, director of De Nora, an Italian global leader in sustainable technologies, and ADNOC Gas Pipelines, a gas infrastructure company in Abu Dhabi.

**Maria Alessandra Zunino De Pignier - Director**

Maria Alessandra Zunino de Pignier, graduated in Economics from the Catholic University of Milan, is a registered accountant and a registered auditor. Since 1995 she has been working as a consultant for banks and financial intermediaries, with particular reference to issues of governance, compliance, internal audit, risk and personnel training, after having gained numerous working experiences in asset management and financial intermediation. She is co-founder of Alezio.net Consulting S.r.l..

In the past she has been a member of the board of directors of banks and bank holding companies (Mediolanum S.p.A., Veneto Banca and Banca Intermobiliare di investimenti e gestione, Deutsche Bank Mutui S.p.A.) and a member of risk committees. She has held positions as auditor of listed companies and investment companies (Gefran S.p.A., Terna S.p.A., CDP Investimenti SGR) and was Chairman of the Investment Committee of a smaller bank (Banca Ipibi - Financial Advisors).

Currently, in addition to her role as member of the Board of Directors, of the Risk and Related Parties Committee, and as Chairman of the Corporate Governance and Environmental and Social Sustainability Committee of FinecoBank, she is Chairman of AFC S.r.l., the training school of AIAF - Italian Association for Financial Analysis, Vice President of AIAF and member of the steering committee of EFFAS - European Federation of Financial Analysts Societies, of ACIIA - Association of Certified International Investment Analysts and of ILPIP - International Learning Platform for Investment Professionals.

**Luisa Marina Pasotti - Chairman**

Graduated with honours in Business Administration from the Bocconi University of Milan in 1986, she qualified as a chartered accountant in 1989. She is registered in the Register of Chartered Accountants of Varese and is enrolled with the Register of Statutory Auditors. Founding member of “Studio Associato Pasotti” located in Varese, she has been a member of the Board of Directors of the Register of Chartered Accountants and Accounting Experts of Varese since January 2017.

She has been a member of the Board of Auditors of OIV (“Organismo Italiano di Valutazione”) since March 2018.

She has served as Auditor for over twenty years, also holding the position of Chairman and Auditor of the accounts of joint stock companies and public bodies. She served as a member – independent and non-executive – of the Board of Directors of BANCA CARIGE S.p.A. from July 11, 2017 to January 2, 2019, and as a member of the Remuneration Committee, of the Risk Committee and of the Nomination and Governance Committee. She has also been a member of the Board of Directors of Carige REOCO S.p.A. until May 2019.

Contract lecturer for non-institutional teaching activities at the Carlo Cattaneo University – LIUC – University in Castellanza (Varese, Italy).



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**Massimo Gatto - Statutory Auditor**

Massimo Gatto was born in Rome on 27 June 1963. He graduated in Economics and Business from University of “La Sapienza” in Rome and he is registered in the Register of Statutory Auditors.

He is a chartered accountant and consultant for several companies operating in the commercial sector.

He has served as Chairman of the Board of Statutory Auditors and Statutory Auditor of listed companies, focusing on governance in terms of controls and risks.

He currently carries out his professional activity in his own firm in Rome.

Currently, he holds the following significant positions pursuant to Article 148-bis of the Italian Consolidated Law on Finance (“TUF”) on the accumulation of offices:

Chairman of the Board of Statutory Auditors of MARR S.p.A.

Chairman of the Board of Statutory Auditors of Collegamenti Integrati Veloci-C.I.V. S.p.A. (Salini Impregilo).

He is also a member of supervisory bodies pursuant to Decree 231 of Italian stock companies.



### **Giacomo Ramenghi - Statutory Auditor**

Giacomo Ramenghi was born in Bologna on 9 October 1970. He is Certified Public Account and is registered in the Register of Chartered Accountants of Bologna and in the Register of Statutory Auditors since 2003.

He began his collaboration with Studio Gnudi (offices in Bologna, Milan and Rome) in 2000 and has been a partner since 2006. He has worked, among others, with a leading international auditing firm. He is mainly involved in corporate, accounting and tax consulting, extraordinary transactions (mergers, demergers, contributions), assistance in the auditing of financial statements and valuation of companies and shareholdings. He has gained particular experience in advising on international accounting standards.

He is a Statutory Auditor of numerous companies, including listed companies. Over the years, he has gained various experiences in companies belonging to the financial sector (banks, SIM, SGR and payment institutions).

He has been a contract professor for several years on the Master's Degree Course in "Economics and Profession" organized by the Faculty of Economics of the University of Bologna. He is registered with the Register of Technical Consultants of the Court of Bologna.



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