



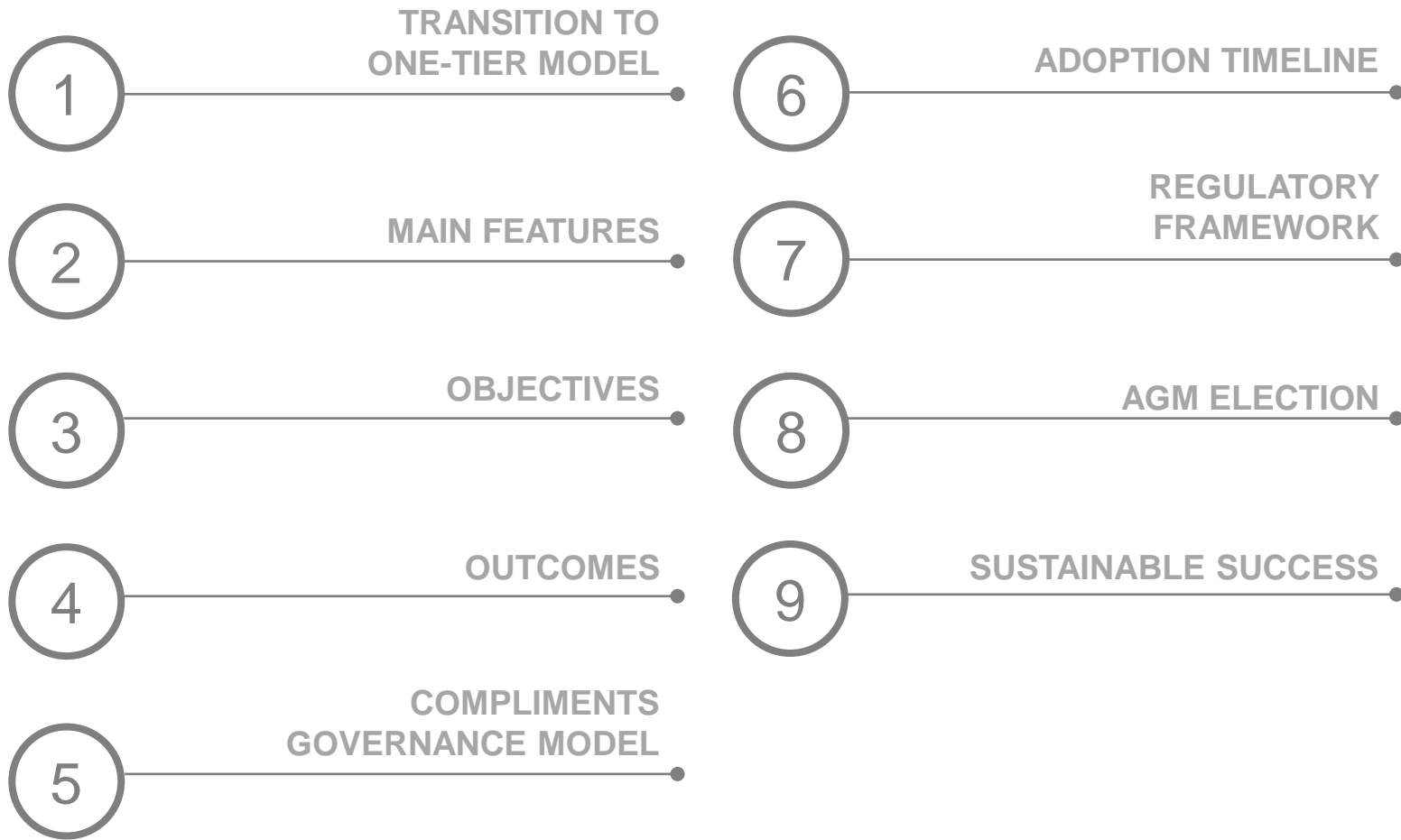
**illimity**

BANCA OLTRE LA FORMA

# Transition to One-Tier Model of governance

Extraordinary Shareholder's meeting 21<sup>st</sup> February 2022

# illimity - Agenda



# illimity - 1. Transition to One-Tier Model

## Traditional Model

illimity  
current  
model



**Board of Directors**  
*votes on resolutions*



**Board of Statutory Auditors**

*Performs Audit Committee duties, including those of supervisory nature*

*both appointed by the Shareholders' Meeting*

*Post approval*

## One-Tier Model

illimity  
upcoming  
model



**Board of Directors & Audit and Internal Control Committee (Comitato per il Controllo sulla Gestione)**  
*vote on resolutions*

*Board of Statutory Auditors is replaced by Audit and Internal Control Committee, which is fully integrated into the BoD*

*both appointed by the Shareholders' Meeting*



### SIMPLIFY

illimity's governance model



### CONVERGE

to international governance best practice



### EMPOWER

the controlling body to vote on BoD resolutions

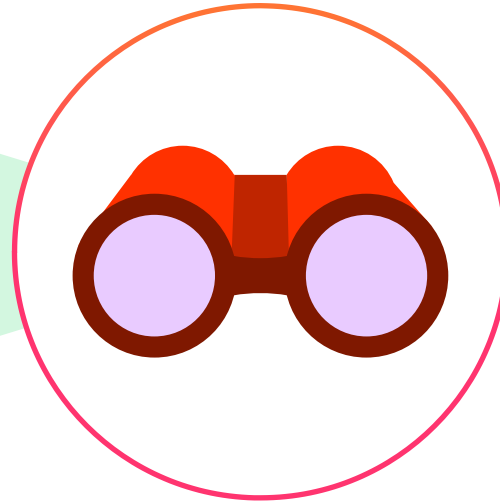


# illimity - 2. Main Features

## One-Tier Model

### INCREASED COHESION

**Coexistence** in a **single decision-making body** (the Board of Directors) of strategic and control functions



### EX-ANTE CONTROL ACTIVITY & INCREASED INTERACTION

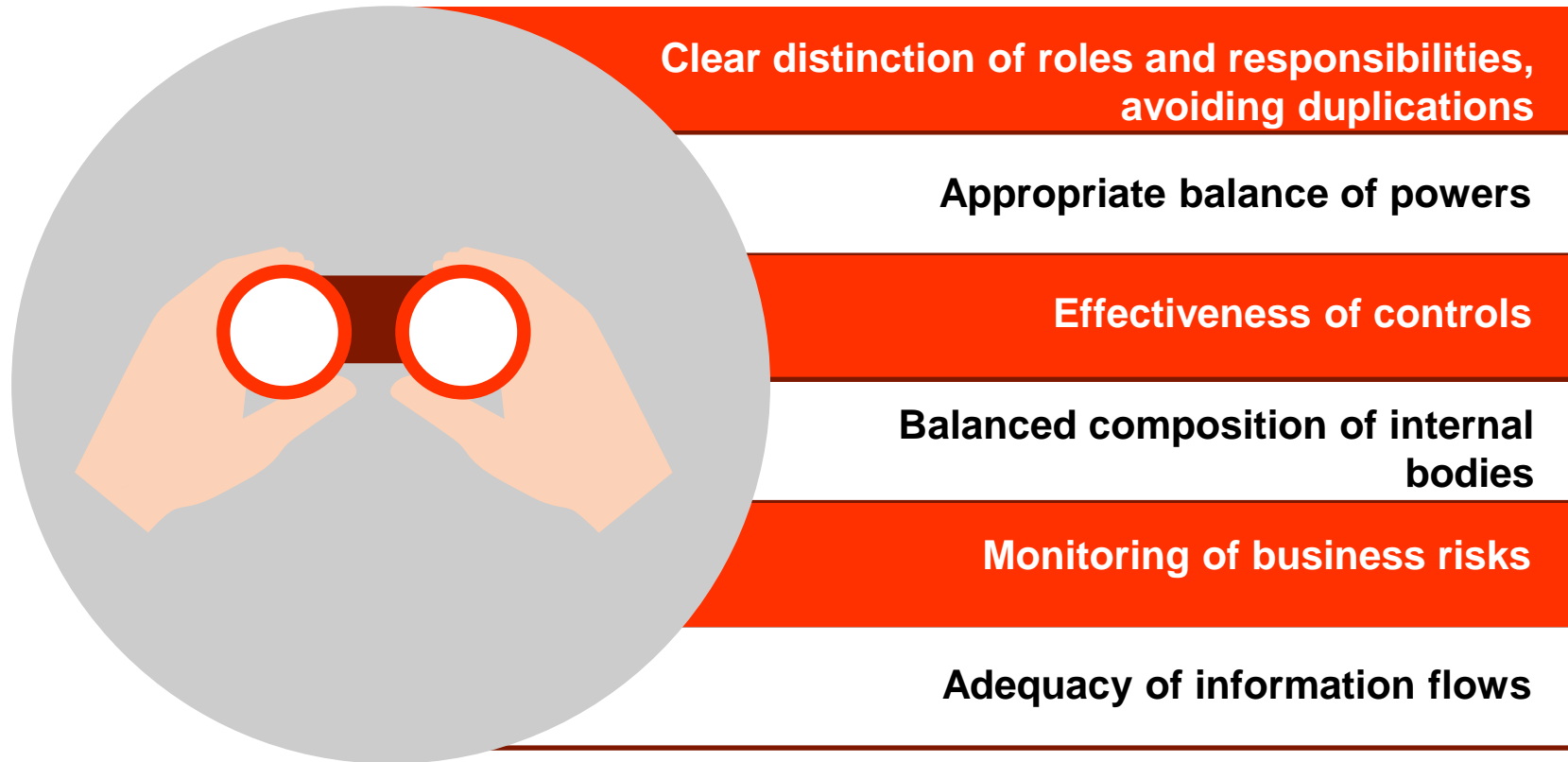
The **Audit and Internal Control Committee** participates in the BoD **decision-making process** by exercising their right to vote

The most important feature of the One-Tier model of governance is the combination of the monitoring and the managing bodies of the corporation

Directors sitting on the **Audit and Internal Control Committee** play a role in the decision-making process with an **ex-ante control activity**

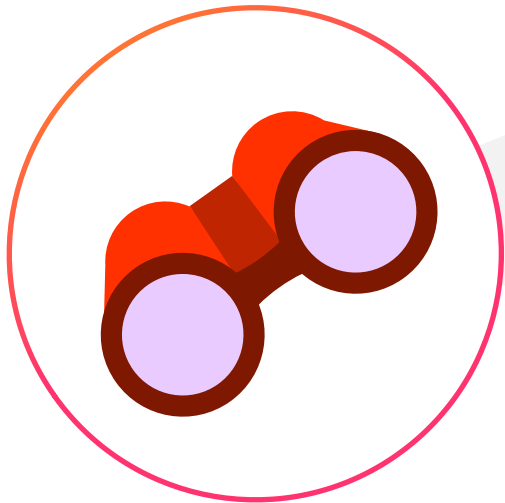
# illimity - 3. Objectives

In the specific context of illimity and its business model and management structure, the transition to One-Tier has the following objectives:



# illimity - 4. Outcomes

## One-Tier Model



**It is more investor-friendly:** One-Tier governance model is widely known and prevalent in **international markets**



**Simplifies and rationalises the system of internal controls** to avoid overshooting of rules and recommendations, and the consequential overlapping of supervisory duties and functions among the various bodies

# illimity - 5. Compliments Governance Model

## Independence

High number of independent Directors ensuring:

- constructive dialogue within the body
- effective equilibrium between the CEO and management
- adequate monitoring of proposals submitted by the latter.

## One single body

Having the strategic supervision and control function in one body ensures continuous surveillance, making management more attentive to compliance. The legality and efficiency verification also runs parallel to the adoption of board resolutions.

## Optimization

Optimization of administration processes, management and control functions, maintenance of preliminary analysis and overall decisions carried out by all the Board Committees according to their well-defined tasks and functions.

## Investor-friendly

A more institutional investor-friendly system for entities operating on international markets. This favors illimity's attractiveness, facilitates comparison with peers and the engagement process with investors.

## Collective approach

Management Committees are strongly involved, working alongside the CEO, enhancing illimity's approach to collective decisions and proposals, in line with international and European guidelines and internal practices.

## Information flow

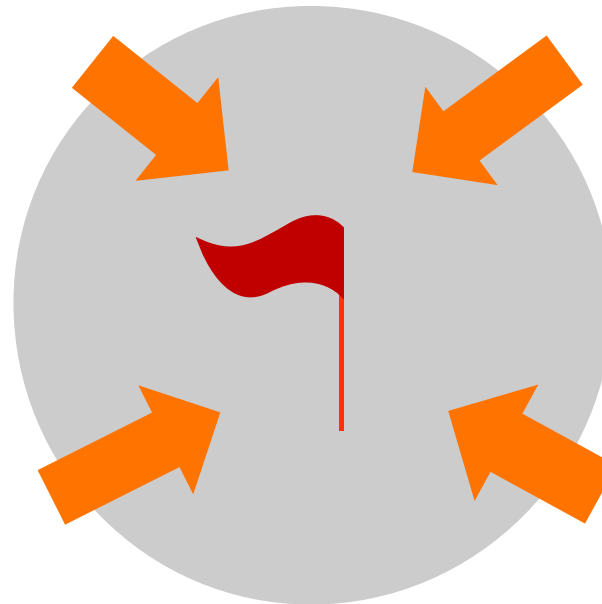
Immediate circulation of information between the bodies of strategic supervision, management and control, ensuring a more conscious and effective management and supervision, to avoid duplication and making internal control more efficient.

## Efficiency

More efficient governance system with a clearer distribution of competences and responsibilities between the Audit and Internal Control Committee and the Risks Committee; the former which supervises the system of controls and financial reporting, the latter which supports the Board in the exercise of its strategic supervision function.

## Strategic plan

Consistency with medium- and long-term strategic objectives and long-term corporate strategies, as identified during approval of the business plan.



# illimity - 6. Adoption Timeline

**21st February  
2022**

*Shareholders' meeting to deliberate on changes in the **bylaws** required for the adoption of the One-Tier governance model*

**28th April 2022**

*Shareholders' meeting to appoint the members of the **BoD** and **Audit and Internal Control Committee** under the new One-Tier governance model*

The Board Composition<sup>(1)</sup> **will secure an adequate number of non-executive and independent Directors**, who will be able to ensure a constructive dialogue within the Body

The Board Composition<sup>(1)</sup>, in accordance with the Italian regulatory framework, will ensure **a minimum representation of 40% of the underrepresented gender**



# illimity - 7. Regulatory Framework

## Regulatory Framework



Art. 2409-sexiesdecies – 2409-noviesdecies,  
Italian Civil Code



Corporate Governance Code for listed  
companies (updated 2020)



Supervisory Provisions of Bank of Italy on  
Organization and Corporate Governance  
(Circular n. 285 of 17/12/2013 and  
subsequent amendments)



Ministerial Decree of 23/11/2020,  
n.169 (ex Art. 26 T.U.B.)



Art. 148, paragraph 4-ter e 4-quater, 151-  
ter, 154, paragraph 3, T.U.F.



Act of Bank of Italy of 4/05/2021

# illimity - 8. AGM Election

## Board of Directors and Audit and Internal Control Committee election at the AGM

- Institutions protecting minority Shareholders will remain unchanged.
  - Minority Shareholders will decide what to do in terms of slates presentation for the Board of Directors and the Audit and Internal Control Committee.
- Once the One-Tier system is implemented, the entire board will be appointed at the Annual General Meeting of 28<sup>th</sup> of April.
  - The Audit and Internal Control Committee will also be appointed at the Annual General Meeting.
- Two Directors (among those who are not also members of the Audit and Internal Control Committee) will be elected from the minority list(s) (provided they are presented), while the Chair of the Audit and Internal Control Committee will be elected from the minority list(s) (provided they are presented).

# illimity - 9. Sustainable Success

**In line with best practices promoted by the Italian Corporate Governance Code 2020, the Board of Directors shall guide the Company by pursuing the sustainable success for long-term value creation, considering the interests of all stakeholders.**

Therefore, the integration of Article 16.1 of the By-Laws represents a further step to guide the Board of Directors' commitment to pursue sustainable growth of illimity.

