Policy on combatting money laundering and terrorist financing

Board of Directors' Meeting of 10/11/2021

1 FOREWORD

Money laundering and terrorist financing are criminal actions which constitute a serious threat to the lawful economy, also since they can be transnational, and can cause destabilising effects, especially for the banking and financial system.

The changeable nature of money laundering and terrorist financing threats, facilitated also by continuous developments in technology and resources available to criminals, requires constant adaptation of the prevention and combatting controls.

The recommendations of the Financial Action Task Force (FATF) – the main international coordinating body for these matters – envisage that public authorities and the private sector identify and assess the risks of money laundering and terrorist financing to which they are exposed, in order to adopt appropriate mitigation measures.

The prevention and combatting of money laundering is implemented by introducing controls to ensure full awareness of the customer, the traceability of financial transactions and the identification of suspicious transactions.

The strength of preventative safeguards and countermeasures must be adjusted according to a risk-based approach, focused on assumptions that merit greater scrutiny and implemented by rendering monitoring more effective and resource allocation more efficient. This approach represents the cornerstone of obliged party conduct and control actions by the Authorities.

Banca Mediolanum S.p.A. (hereinafter also referred to as the "**Bank**" or the "**Parent Company**") and the Mediolanum Banking Group companies (hereinafter also the "**Group**") are strongly committed to ensuring that the products and services offered are not used for criminal money laundering or terrorist financing, promoting a culture based on full compliance with current regulations and the effective fulfilment of passive cooperation obligations in order to guarantee greater awareness of customers, storage of documents relating to the transactions carried out and active collaboration in identifying and reporting suspected money laundering transactions.

The Board of Directors is responsible, in particular, for identifying governance policies for these risks that are adequate with respect to the extent and type of risk profiles to which the Bank's business is actually exposed, taking into account the outcomes of the self-assessment process for money laundering and terrorism financing risks which are the prerequisite for the definition and maintenance of the controls over the risks in question.

The CEO prepares the necessary procedures to implement these policies. The Anti-Money Laundering Function continuously checks the suitability of the procedures in order to ensure adequate monitoring of the risks, coordinating with other corporate control functions. The Internal Audit Function continuously monitors the level of adequacy of the corporate organisational structure and its compliance with reference regulations, and monitors how well the overall system of internal controls functions.

However, effective risk prevention cannot be delegated to the control functions alone, but must be carried out firstly where the risk is generated, particularly within the operating lines. The Operating Structures are therefore the first owners of the risk management process: as part of daily operations, these structures must identify,

measure or assess, monitor, mitigate and report the risks arising from routine business activities in compliance with the risk management process.

In this context, financial advisors in the Sales Network are very important, along with employees of the organisational units responsible for the administration and actual management of customer relations: these parties will be responsible for monitoring operations and reporting any suspicious transactions in accordance with the guidelines prepared by the Bank.

In order to ensure effective prevention of compliance risks, it is essential that the different business structures guarantee the timely involvement of the Anti-Money Laundering Function when new products and services are being offered, so that it can perform its assessments in advance.

1.1 REFERENCE CONTEXT

The "*Provisions on organisation, procedures and internal controls to prevent the use of intermediaries for the purpose of money laundering and financing of terrorism*" issued by Bank of Italy regulation dated 26 March 2019 (hereinafter also "**Provisions**") provide for the obligation, for the corporate bodies of each recipient, to define and approve a reasoned policy which must indicate the measures that the recipient has adopted in the area of organisational structures, procedures and internal controls, due diligence and data storage.

In order to fully comply with the Provisions – issued by the Supervisory Authority pursuant to art. 7, Legislative Decree no. 231 of 21 November 2007, as amended by Legislative Decree no. 125 of 4 October 2019 and, most recently, Law Decree no. 76 of 16 July 2020 (hereinafter also "**Anti-Money Laundering Decree**") – the Bank has adopted this policy (hereinafter also the "**Policy**") which takes into account the uniqueness of the different members of the Group and of the risks inherent in the carried out activities, consistent with the principle of proportionality and with the actual exposure to Money Laundering Risk.

The Policy also takes into account the specific features and complexities of the operations carried out by the Parent Company and other companies of the Group, the products and services provided, the types of customers, the distribution channels used for the sale of products and services and the developments expected in these areas.

In particular, the strategy of the Bank currently aims to offer products and services on an off-premises basis to retail customers residing in Italy, through a network of authorised tied-agent financial advisors.

On a residual basis, there is the possibility of establishing banking relationships through an identification process carried out remotely or through a video-identification by resident customers, or at the Bank's main branch. The transactions of customers not associated with financial advisors are monitored, in all cases, by a special office of the Bank.

This Policy forms part of a broader system of internal Bank controls aimed at ensuring compliance with current regulations, and constitutes the base document for the entire anti-money laundering and anti-terrorism control system of the Banking Group.

In drafting this Policy, the Bank has also taken into account the outcomes of the annual process for the self-assessment of money laundering risk; future updates of the Policy will likewise take into account the outcomes of annual self-assessments conducted on each occasion.

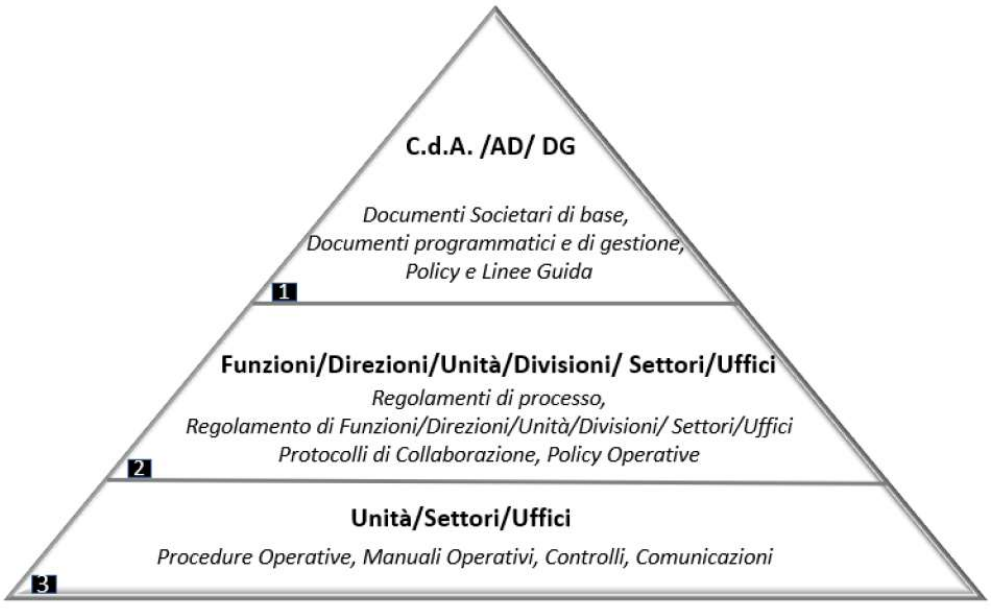
1.2 SCOPE OF THE DOCUMENT

The main goal of this Policy is to define:

- the measures to actually be adopted in terms of organisational structures, procedures and internal controls, due diligence and data storage;
- the governance rules, roles and responsibilities to be adopted by the Group to combat money laundering risk;
- the Group guidelines for combatting money laundering risk, as well as the principles for the management of relationships with customers classified as high risk.

The principles stated in this Policy are reflected in the detailed internal documentation (e.g. process regulations, operating procedures, etc.) where the tasks and the operating and control activities are better described in compliance with the principles and regulations applicable to the monitoring of money laundering risk. Please refer, in particular, to the process regulations – prepared and updated by the Anti-Money Laundering Function – as regards due diligence, reporting of suspicious transactions and second level controls carried out by the Anti-Money Laundering Function which, overall, define in detail the responsibilities, tasks and operating methods applied to money laundering risk management, contained in the "Anti-Money Laundering Manual". This document is at the top level of the pyramid shown in the following diagram representing the logical model of corporate regulations.

Figure 1. Model of corporate regulations



1.3 STRUCTURE OF THE DOCUMENT

In addition to the first chapter containing the foreword, the reference context and the scope of the document, this Policy comprises the following chapters, for which a brief description of the main issues covered is provided below:

- chapter 2: identifies the target audience of the document and defines the responsibilities for its updating and review;
- chapter 3: gives a summary of the concepts of “money laundering” and “financing of terrorism” and contains a glossary of the main terms used;
- chapter 4: describes the governance of the model adopted to combat the risks of money laundering and terrorist financing;
- chapter 5: illustrates the standards to adopt, at Group level, to monitor money laundering risks;
- chapter 6: describes the main national and international reference regulations and internal regulations.

2 SCOPE OF APPLICATION

2.1 RECIPIENTS OF THE DOCUMENT

This document is approved by the Board of Directors of Banca Mediolanum S.p.A., Parent Company of the Mediolanum Banking Group, and is aimed at all personnel of the Bank, including Family Bankers®.

The policy is then sent to the Bodies with Strategic Supervision Functions of the Banking Group companies for adoption, in accordance with the standard of proportionality and taking into account local regulations and specific issues, on the basis of the following scope of application:

- to all Italian companies subject to the provisions on combatting money laundering and terrorist financing;
- to the banks and financial intermediaries of the Banking Group with offices abroad, in accordance with and compatible with local regulations in force.

This policy is also sent to the investee Mediolanum Vita S.p.A., Parent Company of the Mediolanum Insurance Group (hereinafter also “**Mediolanum Vita**”) to be taken into account when preparing its own policy, with a view to developing a global approach to money-laundering risk within the Mediolanum Conglomerate, in compliance with its specific characteristics and reference regulatory provisions.

Implementation of the guidelines and principles contained in this Policy at Group level is a first step in encouraging appropriate coordination between local anti-money laundering controls and the Bank's Anti-Money Laundering Function to ensure effective circulation of information at Group level, in order to counteract money laundering risk.

The Bank, within the scope of its guiding and coordination role, can, if required by the specific operational characteristics, authorise the individual Bank Group companies to partially apply them or implement them on a gradual basis.

2.2 RESPONSIBILITY FOR THE DOCUMENT

The Policy has been approved by the Board of Directors of the Bank which will also approve any later amendments and/or updates.

The CEO defines the Policy submitted to the Board of Directors for approval, and ensures its implementation.

The Anti-Money Laundering Function participates in the updating and periodic review of this Policy.

3 DEFINITIONS

3.1 DEFINITION OF "MONEY-LAUNDERING" AND "FINANCING OF TERRORISM"

The definition of "**money laundering**" adopted by the Anti-Money Laundering Decree consists of the following activities:

a) conversion or transfer of goods carried out in the knowledge that they originate from criminal activity or from participation in such activity, in order to conceal or dissimulate the unlawful origin of the assets or to aid and abet anyone involved in such activity to avoid the legal consequences of their actions;
b) hiding or concealment of the true nature, origin, location, placement, movement, or ownership of assets or related rights, carried out in the knowledge that these assets derive from criminal activity[1] or from participation in such activity;
c) purchase, retention or use of assets with the knowledge, at the time of their receipt, that they originated from criminal activity or participation in such activity;
d) participation in one of the acts referred to in the previous points, conspiracy to commit such an act, any attempt to perpetrate the crime, aiding abetting, incitement of or advice to somebody to commit such an act or facilitate its execution.

Money laundering is considered as such even if the actions that have generated the assets to be laundered were carried out abroad.

Money laundering is normally a three-step process:

placement: any proceeds from an offence, even if unintentional, obtained through a series of transactions, is collected and placed with financial and/or non-financial institutions;

layering: carried out by completing a series of complex financial transactions, which may appear to be unrelated to each other, aimed at hindering reconstruction of the cash flows;

integration: the proceeds of criminal activities re-used in the legal economy, so as to formally appear to be of legal origin.

The three steps are not static and can overlap: the use of financial institutions for criminal purposes may occur in any of the steps described above.

"**Financing of terrorism**" refers to any activity intended for the supply, collection, provision, brokerage, deposit, custody or disbursement of funds and economic resources, by any means and carried out in any manner, to be used, directly or indirectly, wholly or in part, to carry out one or more activities for terrorism purposes, according to the provisions of criminal laws, regardless of the actual use of the funds and economic resources to commit such acts.

The Ministry of Economy and Finance, at the proposal of the Financial Security Committee, issued its own decree ordering the freezing of funds and financial resources held, also through a natural person or legal entity, by a natural person or legal group or body, designated according to criteria and procedures set forth in the resolutions of the United Nations Security Council or one of its Committees.

Pending adoption of the United Nations designations, and in compliance with obligations sanctioned by the United Nations Security Council, the specific restrictive measures of the European Union and initiatives adopted by the judicial authority in criminal proceedings, the Ministry of Economy and Finance, as proposed by its Financial Security Committee, has through its own decree and for a period of six months, renewable in the same form as long as conditions are met, established national freezing measures on funds and financial resources held, also by a third party natural person or legal entity, natural persons, legal entities, groups or bodies who display or attempt to display one or more forms of terrorist conduct, according to criminal laws, or conduct designed to finance programmes for the proliferation of weapons of mass destruction or that threaten peace and national security.

The frozen funds and financial resources cannot be transferred, placed or used.

The **freezing** of "funds" and/or "economic resources" (known as a "financial embargo") is undertaken against alleged terrorists ("designated parties", or "natural persons, legal entities, groups and bodies designated as the targets of freezing based on European regulations and domestic legislation"), requiring financial intermediaries to restrict any movement and/or transfer, as well as any act of disposal, sale, leasing, rental, pledging of collateral, or even access in such a way as to change the volume, amount, location, ownership, possession, nature, destination or any other change that allows use of the funds, including portfolio management.

The freezing or "financial embargo" differs from a "trade embargo" related to a ban on trading with sanctioned countries, in order to isolate and place their governments in a difficult internal political and economic position.

3.2 GLOSSARY

Due Diligence: activities that involve:

- verifying the identity of the customer, any representative and any beneficial owner on the basis of documents, data or information obtained from a reliable, independent source;
- acquiring information on the expected scope and nature of the business relationship, and when an occasional transaction is detected in accordance with a risk-based approach;

- exercising constant control during the business relationship.

Executive: a member of the Board of Directors or the General Manager or other employee delegated by the management body or by the General Manager to maintain relations with high-risk customers; the executive has a thorough knowledge of the level of money laundering risk to which the recipient is exposed and is sufficiently independent in terms of making decisions that may impact this risk level.

Risk-based approach*:* indicates an approach based on which competent authorities and companies identify, assess and understand the money laundering risks to which the companies are exposed and adopt preventive measures commensurate with those risks.

Single Electronic Archive (AUI): an archive, created and managed electronically, on which all information acquired in fulfilling the due diligence obligations is centrally stored, in accordance with the principles of the Anti-Money Laundering Decree and the implementing rules issued by the Bank of Italy.

Institutional Activity: activity for which the recipients have obtained registration or authorisation from a Public Authority.

Shell Bank: a bank (or the financial intermediary with functions similar to a bank) that does not have a significant structure in the country in which it was established and authorised to exercise its business, and is not part of a financial group subject to effective supervision on a consolidated basis.

Beneficiary of insurance services:

1) a natural person or entity who, on the basis of the designation made by the contracting party or the insured party, has the right to receive insurance benefits paid by the insurance company;
2) any natural person or entity to which payment is made by order of the designated beneficiary.

Customer(s): the party establishing a business relationship or carrying out transactions with financial intermediaries or other financial sector operators and with other obliged parties pursuant to the Anti-Money Laundering Decree, normally also identified with other terms such as users, investors, insured parties, contracting parties, buyers, borrowers, etc.

Compliance Risk: a specific obligation, required under a given regulation, not to incur legal or administrative sanctions, significant pecuniary loss or damage to reputation resulting from infringements of mandatory provisions (laws and regulations) or self-governance provisions (e.g. code of conduct, self-governance code).

Freezing of funds**:** the prohibition, by virtue of European regulations and domestic legislation, against the movement, transfer, modification, use or management of funds or access to such funds, so as to change the volume, amount, placement, ownership, possession, nature, destination or any other change that allows use of the funds, including portfolio management.

Freezing of economic resources: the prohibition, due to EU laws and national laws, of the transfer, disposal or use of economic resources in order to in any way obtain funds, goods or services, use of economic resources, including for example the sale, lease, rental or pledging of collateral.

Financial conglomerates: groups of companies, significantly active in the insurance, banking or investment services sectors, which include at least an insurance company and a company operating in the banking or

investment services sectors, and are controlled by a regulated company or carry out activities primarily within the financial sector; for the purpose of this document, please refer to the Financial Conglomerate under the control of Banca Mediolanum S.p.A.

Correspondent accounts and similar accounts: accounts held by the banks to settle interbank services and other relationships of any nature, between credit and financial institutions, used to settle transactions on behalf of the customers of the corresponding entities.

Through accounts: cross-border correspondent bank accounts between banking and financial intermediaries, used to carry out transactions on their own account or on behalf of customers.

Line controls (first level controls): all the controls aimed at ensuring that transactions are properly carried out. These are performed by the Operating Structures themselves (e.g. hierarchical, systematic and sample controls), also through units exclusively responsible for performing control or monitoring tasks and that report to the managers of the Operating Structures, or are carried out as part of back office activities. As far as possible, they are incorporated into the IT procedures.

Controls on risks and compliance (second level controls): the set of controls that aim to ensure, inter alia:

- correct implementation of the risk management process;
- compliance with the operating limits assigned to the various functions;
- compliance of corporate operations with all provisions of the law, including self-governance provisions.

The functions responsible for these controls are separate from the operating functions. They help define the risk governance policies and the risk management process.

Counterparty: natural persons and legal entities that initiate business relations (other than long-term contractual relationships forming part of the exercise of institutional activities by financial intermediaries or financial sector operators) with the Bank or a Mediolanum Group Company (even if not subject to the obligations set out in the Anti-Money Laundering Decree).

Cover Payment: the transfer of funds used when there is no direct relationship between the payment service provider (PSP) of the ordering party and the beneficiary, and therefore a chain of correspondent accounts through a PSP has to be used. Three or more PSPs are involved in a cover payment.

Identification data of the customer, related beneficial owner and representative: the name and surname, place and date of birth, registered residence and, if different, the correspondence address and, where assigned, the tax code of the customer, and where assignment is envisaged, also the related beneficial owner and representative. For parties other than a natural person, the name, registered office, enrolment number in the register of companies or in the register of legal entities, where required.

Identification data of the beneficiary, related beneficial owner and representative: name, surname, place and date of birth. For parties other than a natural person, the name, registered office, enrolment number in the register of companies or in the register of legal entities, where required. In both cases, at the time of payment of the benefit, also the place of residence and, if different, the correspondence address, the tax code of the Beneficiary and, if such assignment is required, also of the related beneficial owner and representative.

Cash: banknotes and coins, in Euro or foreign currencies, that are legal tender.

Employee: all Banca Mediolanum employees who belong to the organisational units and/or the local and/or central structures.

Representative: the party authorised to act in the name and on behalf of the customer (or the beneficiary of the insurance service) or in any event granted powers of representation that allow it to operate in the name of and on behalf of the customer (or of the beneficiary of the insurance service).[1]

Risk factors: indicate the variables which, individually or combined, can increase or reduce the money laundering risk deriving from individual business relationships or occasional transactions.

Family Banker®: the financial advisors of Banca Mediolanum authorised to operate off-premises, in accordance with art. 31, paragraphs 1 and 2, Legislative Decree no. 58 of 24 February 1998 (Consolidated Finance Act).

Funds: financial assets and benefits of any nature, also held through third parties who can be natural persons or legal entities, including for example:

- cash, cheques, monetary receivables, bills of exchange, payment orders and other payment instruments;
- deposits with financial entities or other parties, account balances, receivables and bonds of any nature;
- public or private negotiable instruments and financial instruments as defined in art. 1, paragraph 2 of the Consolidated Finance Act, Legislative Decree no. 58 of 24 February 1998;
- interest, dividends or other income and increases in value generated by the assets;
- credit, netting rights, guarantees of any nature, security deposits and other financial commitments;
- letters of credit, bills of lading and other securities representing commodities;
- documents showing investments in funds or financial resources;
- all other export credit instruments;
- life insurance policies pursuant to art. 2, paragraph 1, Legislative Decree no. 209 of 7 September 2005, the Private Insurance Code.

Anti-Money Laundering Function*:* function which is an integral part of the second level internal control system, in charge of preventing and combatting money laundering and terrorist financing, and preventing related transactions.

Company Control Functions: the Compliance Function, the Risk Management Function, the Anti-Money Laundering Function and the Internal Audit Function.

Compliance Function: adopting a risk-based approach, this function is responsible for overseeing the management of compliance risk with regard to business operations, and ensuring that all procedures are suitable to prevent such risk, consisting in breaches of external laws and regulations and self-governance rules

[1] Parties appointed by a public authority to the management of assets of and relationships with the customer or with parties acting on their behalf (for example, official receivers) are considered Representatives.

such as codes of conduct and codes of ethics applicable to the bank. This Function is an integral part of the internal control system.

Control Functions: the Corporate Control Functions, the Financial Reporting Manager, the Director responsible for Controls, the Independent Auditor, the Supervisory Body established pursuant to Legislative Decree 231/01 and the Data Protection Officer.

Internal Audit Function: the function entrusted with the monitoring, within the scope of third level controls, also with on-site audits, of the regular performance of operations and development of risks, and with assessing the completeness, adequacy, functionality and reliability of the organisational structure and other components of the Internal Control System, bringing to the attention of the corporate bodies possible improvements, with particular reference to the Risk Appetite Framework (RAF), the risk management process and related measurement and control tools. Based on the results of its controls, it puts forward recommendations to the corporate bodies.

FATF: The Financial Action Task Force, a body set up by the OECD, specialising in preventing and combatting money laundering, terrorist financing and the proliferation of weapons of mass destruction.

Group: the Mediolanum Banking Group, as governed by art. 60 of the Consolidated Finance Act and all applicable provisions.

Anomaly indicators: cases representing anomalous operations or conduct implemented by customers, used to facilitate the assessment, by the obliged parties, of any suspicions of money laundering or terrorist financing.

Insurance intermediaries: natural persons or companies with residence or registered office in Italy – enrolled in the single electronic register of insurance intermediaries in compliance with art.109, paragraph 2, letters a), b) and d) of the Code – as well as natural persons or companies with residence or registered office in another Member state of the European Union or in another country in the European Economic Area or a third country, operating in Italy as permanent establishments and included in the list annexed to the register after notification pursuant to articles 116-quater and 116-quinquies of the Code – limited to the distribution, within Italy, of insurance products of the business activities listed in art. 2, paragraph 1, of the Code.

Means of payment: cash, bank cheques and postal cheques, banker's drafts and other similar or equivalent cheques, postal orders, credit or payment orders, credit cards and other payment cards, transferable insurance policies, lien policies or other instruments available that allow for the transfer, movement or purchase, including electronically, of funds, securities or financial resources.

Remote operations: operations performed without the customer or personnel assigned by the Bank being physically present. When the customer is not an individual, the customer is considered present when the representative is present.

Transaction: the movement, transfer or transmission of means of payment or the trading of assets; a transaction is also the stipulation of an agreement involving assets as part of the exercise of a professional or commercial activity.

Related transactions: transactions related to each other, executed to pursue a single goal of a legal nature.

Split transaction: a single transaction, from an economic viewpoint, of an amount equal to or higher than the limits established by the Anti-Money Laundering Decree, executed through multiple transactions, individually lower than the above-mentioned limits, carried out at different times and over a certain period of time set as seven days, without prejudice to the existence of the split transaction when the elements to consider it so are present.

Occasional transaction: a transaction that is not related to a business relationship in place; an occasional transaction also comprises an intellectual or commercial service, including those that can be carried out instantly, provided to the customer.

Suspicious transaction: a transaction that, due to its characteristics, amount, nature, as well as its connection with other transactions or due to splitting or any other known circumstance based on the functions performed, also taking into account the business capacity and activities performed by the party to which it refers, based on the elements acquired pursuant to the Anti-Money Laundering Decree, may lead to the belief, suspicion, or reasonable grounds for suspicion that money laundering or terrorism financing transactions are in progress, have been carried out or have been attempted or that, in any event, regardless of the amount, derive from criminal activity.

Corporate bodies*:* the bodies responsible for strategic supervision (Board of Directors), management (CEO or other management body) and control (Board of Statutory Auditors).

Body with control functions: body responsible for assessing the correctness of administrative activities as well as the suitability of the organisational and accounting structures of the Company; in the different models, the Board of Statutory Auditors, the Supervisory Committee and the Management Control Committee are the bodies with control functions (or Control Bodies).

Body with management function: corporate body or its members, responsible for or delegated to management tasks, i.e. the implementation of guidelines issued by the strategic supervisory function. The General Manager is the head of the internal structure and as such participates in the management function.

Body with strategic supervisory function: body responsible for all guidance and/or supervision of corporate management (e.g., through the examination and approval of business or financial plans or the strategic transactions carried out by the Company).

Origin of funds: indicates the origin of funds specifically used in a business relationship or occasional transaction.

Origin of assets: indicates the origin of the customer's total assets, including transferable securities and property.

EU countries: countries belonging to the European Economic Area.

Third countries: countries not belonging to the European Economic Area.

High-risk third countries*:* countries not belonging to the European Union with strategic gaps in their respective national regulatory frameworks to prevent money laundering and terrorism financing, as identified by the European Commission in exercising the powers governed by articles 9 and 64 of the Anti-Money Laundering Directive IV (AMLD IV).

Personnel: the employees and those who operate based on relationships that result in their inclusion in the organisation of the obliged party, also in a form other than as an employee, including the financial advisors authorised to operate off-premises, pursuant to art. 31, paragraph 2, of the Consolidated Finance Act, as well as direct producers and intermediaries pursuant to art. 109, paragraph 2, letters c) and e), CAP.

Politically Exposed Persons (PEPs): the natural persons indicated in art. 1, paragraph 2, letter dd) of the *Anti-Money Laundering Decree, or* "natural persons who hold or have ceased to hold, for less than one year, important public offices, as well as their family members and those closely related to these persons, as listed below:

1) natural persons who hold or have held important public offices are those who hold or held the office of:

1.1 President of the Republic, Prime Minister, Minister, Deputy Minister and Under-secretary, President of the Region, Regional Councillor, Mayor of the Provincial capital or metropolitan city, Mayor of a Municipality with a population of not less than 15,000 inhabitants, or similar offices in foreign countries;

1.2 Member of Parliament, Senator, Member of the European Parliament, regional councillor or similar offices in foreign countries;

1.3 member of political party executive bodies;

1.4 judge of the Constitutional Court, judge of the Court of Cassation or the Court of Auditors, State councillor or other members of the Council of Administrative Justice for the Sicily Region or similar offices in foreign countries;

1.5 member of the governing bodies of central banks or independent authorities;

1.6 ambassador, chargé d'affaires or equivalent offices in foreign countries, senior officer in the armed forces or similar offices in foreign countries;

1.7 member of the board of directors, management body or control body of companies controlled directly or indirectly by the Italian State or by a foreign country or investees, to a substantial or total extent, of the Regions, main Provincial municipalities or metropolitan cities or municipalities with a population of not less than 15,000 inhabitants;

1.8 director general of local health authorities or hospitals, university hospitals or other national health service entities.

1.9 manager, deputy manager or member of the governing body or party carrying out equivalent functions in international organisations;

2) family members of politically exposed persons: parents, spouse or civil partner or de facto partner or similar situations of the politically exposed person, the children and their spouses as well as persons in civil or de facto partnerships or similar situations with the children;

3) persons with whom the politically exposed persons are presumed to have close ties include:

3.1 individuals linked to the politically exposed person due to the joint beneficial ownership of legal entities (including trusts and similar legal arrangements) or who have other close business relationships with the politically exposed person;

3.2 natural persons who only formally hold total control of an entity commonly known to have been established, on a de facto basis, in the interests and to the benefit of a politically exposed person.

Anti-money laundering Policy or the Policy: the document defined by the body with management functions and approved by the body with strategic supervisory functions, pursuant to the Provisions on organisation, procedures and internal controls aimed at preventing the use of intermediaries for the purpose of money-laundering and financing of terrorism, adopted by the Bank of Italy on 26 March 2019 (see Part One, Sections II and III).

PSP: Payment Service Provider.

Account Information Service Providers (AISPs): a Payment Service Provider that provides services of information on accounts, or online services that provide consolidated information on one or more payment accounts held by the payment services user with another Payment Service Provider or with multiple Payment Service Providers.

Digital portfolio service providers: any natural person or legal entity providing services to third parties, on a professional basis, also online, for the safeguarding of private encryption keys on behalf of its customers, in order to hold, store and transfer virtual currencies.

Providers of services related to the use of virtual currency: any natural person or legal entity providing services to third parties, on a professional basis, related to the use, exchange or custody of virtual currencies and their conversion from or into legal tender currencies.

Business and trust-related service providers: any natural person or legal entity which, on a professional basis, provides one of the following services to third parties:

- establishing companies or other legal entities;
- acting as manager or director of a company, a partner in an association or a similar position with respect to other legal entities or arranging for another person to hold such a position;
- providing a registered office, business, administrative or postal address and other services related to a company, association or any other legal entity;
- acting as trustee in an express trust or similar legal entity or arranging for another person to hold such a position;
- exercising the role of shareholder on behalf of another person or arranging for another person to do so, provided that it is not a company listed on a regulated market and subject to disclosure obligations in accordance with EU regulations or equivalent international regulations.

business relationship: a long-term relationship that falls within the exercise of business activities carried out by obliged parties, which is not completed in a single transaction.

Remote accounts or transactions: indicates any transaction or account in which the customer is not physically present or is not in the same physical location as the company or person acting on behalf of that company. This includes situations where the customer's identity is verified via video call or similar technology.

Risk appetite: the level of risk (as a whole and by type) that the Company intends to assume in the pursuit of its strategic objectives.

Money-laundering risk: the risk arising from a breach of legal, regulatory and self-governance provisions, functional to preventing the use of the financial system for the purposes of money laundering, terrorist financing or financing of programmes for the development of weapons of mass destruction, as well as the risk of involvement in instances of money laundering and financing of terrorism or financing of programmes for the development of weapons of mass destruction.

Inherent risk: qualifying as "potential" risk, this refers to the likelihood of the Company suffering direct or indirect damage involving sanctions, penalties, financial or reputational harm, without considering the organisation and the functionality of its monitoring systems and the more general Internal Control System.

Residual risk: a summary assessment which takes into account the assessment of the suitability of organisational monitoring, procedural and control systems in place, resulting in the identification of corrective measures to be implemented to mitigate such risk.

Financial resources: tangible or intangible assets of any nature and transferable securities or property, including accessories, appurtenances and related income, that are not funds but could be used to obtain funds, goods or services, owned, held or controlled, including partially, directly or indirectly, or through third-party natural persons or legal entities, by designated parties, or by natural persons or legal entities acting on behalf or under the guidance of the latter.

S.I.G.M.A.: Information System for the Management of Weapon Materials, supporting the institutional operations of Office VI, Department V of the MEF Department of Treasury which, along with a specific team of the Guardia di Finanza and based on the provisions of Italian Law no. 185 of 9 July 1990, as amended by Italian Legislative Decree 105/2012, monitors the activities of credit institutions regarding the financing of transactions governed by Italian Law no. 185/90, for the purpose of combatting terrorism.

Internal Control System: the set of rules, functions, structures, resources, processes and procedures that aim to ensure the following, in accordance with the principles of sound and prudent management:

- assessment of the implementation of corporate strategies and policies;
- containment of risk to within the limits set out in the reference framework for determining the risk appetite of the Bank (Risk Appetite Framework - "RAF");
- protection of the value of assets and protection against losses;
- effectiveness and efficiency of corporate processes;
- reliability and security of corporate information and IT procedures;
- prevention of the risk that the Bank may be involved, even unintentionally, in illegal activities (especially those related to money laundering, usury and terrorist financing);
- compliance of all transactions with the law and supervisory regulations, as well as with internal policies, regulations and procedures.

Operating Structures: all remaining organisational units envisaged by the company, which are not Corporate Bodies or Control Functions.

Beneficial Owner: natural person(s), other than the customer, in the ultimate interests of whom the business relationship is established, the professional service is provided or the transaction is executed.

Virtual currency: the digital representation of value, not issued by a central bank or a public authority, not necessarily related to a currency of legal tender, used as a medium of exchange for the purchase of goods and services and electronically transferred, stored and traded.

4 ANTI-MONEY LAUNDERING MODEL GOVERNANCE

This model to combat money laundering risk is managed at Group level through a specific process aimed at implementing and maintaining rules, procedures and organisational structures that can ensure the prevention and management of the risk in question, by all Group companies.

The model envisages that the primary responsibility in terms of monitoring money laundering risk is assigned to the Corporate Bodies of each company of the Group, according to their respective duties, and in compliance with Parent Company directives. The distribution of tasks and responsibilities money laundering risk monitoring by the corporate bodies and functions must be clearly defined in each company.

In line with eligible corporate governance principles, for each Group company the model acknowledges the central role of the Board of Directors as regards the policies governing the risk in question: the Board is responsible for approval of the anti-money laundering policy as envisaged in the Provisions (in line with the principles of this Policy) and for the adoption of a system suited to the characteristics of the company; to this end, its organisation must be able to address the issue of money laundering risk as carefully as possible and with the necessary level of detail.

The Body with management function is responsible for ensuring implementation of the strategic guidelines and money-laundering risk governance policies approved by the Body with strategic supervisory authority, and is responsible for the adoption of all measures necessary to ensure the effectiveness of the organisation and of the anti-money laundering control system.

The Body with control function, within the scope of its responsibility to oversee compliance with regulations and the completeness, suitability, functionality and reliability of the internal control system, is also constantly in touch with the Anti-Money Laundering Function.

An effective organisational structure for monitoring money laundering risk is also based on significant involvement of all Operating Structures and corporate functions, and on the clear definition of their duties and responsibilities. In that context, the role of line controls ("first level controls"), aimed at ensuring the correct performance of transactions, through suitable controls and IT systems, is of fundamental importance.

In compliance with the proportionality principle and if envisaged in the specific reference regulations, each Group company must set up a specific Anti-Money Laundering Function in charge of monitoring money laundering risk.

In order to achieve appropriate synergies and economies of scale, using highly specialised centres of expertise, the Banking Group and Insurance Group companies may delegate to the Parent Company – based on specific outsourcing agreements, drawn up in compliance with supervisory regulations, and in compliance with the principles stated in the “Corporate outsourcing policy” – activities specific to the Anti-Money

Laundering Function pursuant to current regulations and/or the fulfilment of specific obligations envisaged in the regulations.

Such agreements must also govern the following aspects:

- the objectives of the Function and the content of the outsourced activities;
- the expected service levels;
- the minimum frequency of information flows;
- confidentiality obligations about information acquired in exercise of the function or the activities;
- the possibility of reviewing the service terms in the case of changes in the operations and organisation of the Company.

The Group companies appoint their own Anti-Money Laundering Function Manager and their own Delegate responsible for Reporting Suspicious Transactions, in line with the principles established in this Policy (as defined below).

The subsidiary Mediolanum Vita – parent company of an insurance group – sets up its own Anti-Money Laundering Function, and appoints a Manager of this Function and a Delegate responsible for reporting suspicious transactions. Mediolanum Vita approves its own Policy that defines the actual measures adopted in terms of organisational structures, procedures and internal controls, due diligence and data storage, in line with the principles contained in this Policy and consistent with the regulatory provisions specific to its sector.

From a Group perspective, good workload organisation and circulation of information are crucial, ensuring that any intercompany issues related to the provisions on anti-money laundering and combatting terrorist financing are discussed with the support of appropriate preparatory work, the outcome of which will also be submitted to the Risk Committee of the Parent Company.

As part of the Group guidance and coordination activities, the Corporate Bodies of the Bank (in its capacity as Parent Company) adopt the strategic guidance on money laundering risk management and anti-money laundering controls. The Parent Company ensures that the Corporate Bodies and the other Group companies implement the strategies and policies of the Group in their own corporate environments.

In order to pursue a full and concrete implementation of the Group model, the consolidated subsidiaries adopt a Policy consistent with the principles and guidelines described in this Policy, according to a principle of proportionality and based on the specific nature of their activities.

Pursuant to the Provisions in force, in order to increase the standardisation of due diligence on common customers of the Group, and to increase its capacity to prevent and manage money laundering risk, the Parent Company is required to establish – through the creation of a centralised register – a shared database that allows all the Group companies to perform customer due diligence in a standardised manner.

In implementing the above, based on the principle of a risk-based approach, the Bank establishes a shared database for use by all the companies under its direct or indirect control, in which information concerning a customer with a high money laundering risk (e.g. a customer subject to a prior report to the FIU) is shared, maintained and properly updated.

The Anti-Money Laundering Function identifies additional types of information that may be shared where there are placement/distribution relationships (or other significant business relationships) between the Parent Company and the individual subsidiaries (or among the subsidiaries).

The Parent Company adopts suitable technical and organisational measures to guarantee that the data on the shared database is processed in compliance with current national regulations on personal data protection.

The Anti-Money Laundering Functions of the subsidiaries activate appropriate periodic information flows to the Parent Company regarding the main activities performed, the outcomes of controls and the main initiatives undertaken in order to eliminate any confirmed malfunction.

As regards Banca Mediolanum, the Manager of the Group Anti-Money Laundering Function must in all cases be promptly informed of the results of control activities carried out by companies in the Financial Conglomerate, as well as on any significant event.

4.1 PARENT COMPANY BANCA MEDIOLANUM S.P.A.[2]

In line with the Provisions, the duties and responsibilities for mitigating the risk of the Bank's involvement in money laundering or terrorist financing will first be referred to the Corporate Bodies.

In particular, the Board of Directors is responsible for determining governance policies for Money laundering risk that are adequate with respect to the extent and type of risk profiles to which the Bank and Group activities are actually exposed. In this perspective, it will carry out its functions with reference not only to the Bank, but also assessing the overall operations of the Group and the risks to which it is exposed. The CEO will prepare the procedures needed to implement these policies; the Anti-Money Laundering Function will continuously check the suitability of the procedures to ensure adequate monitoring of the risk in question, coordinating with the other Corporate Control Functions. The Internal Audit Function continuously monitors the level of adequacy of the corporate organisational structure and its compliance with reference regulations, and monitors how well the overall system of internal controls functions.

However, effective risk prevention cannot be delegated to the control functions alone, but must be carried out firstly where the risk is generated, particularly within the operating lines, which are the main responsibility of the risk management process.

The model to combat money laundering and terrorist financing therefore envisages involvement of the corporate bodies and organisational structures of each Group company, in accordance with the distribution of roles and responsibilities indicated below.

Board of Directors

The Board of Directors:

[2] The main attributes on compliance with regulations governing anti-money laundering and anti-terrorism are listed below. Please refer to the internal rules on corporate governance for a full analysis of the duties.

- approves and periodically reviews the strategic guidelines and governance policies for risks related to money laundering and financing of terrorism;
- approves this Policy and is responsible for its periodic review, in order to ensure its effectiveness over time;
- approves the establishment of the Anti-Money Laundering Function, identifying its tasks and responsibilities as well as the methods to be used for coordination and collaboration with the other Corporate Control Functions;
- approves the guidelines of a systematic and coordinated Internal Control System, essential for the prompt identification and management of money laundering risk and ensures periodic reviews in order to guarantee their effectiveness over time;
- approves the principles for the management of relationships with Customers classified as “high risk”;
- continuously ensures that the tasks and responsibilities involved in money laundering risk monitoring are allocated in a clear and appropriate manner, guaranteeing that the Operating Structures and Control Functions are kept separate and that these functions are provided with adequate qualitative and quantitative resources;
- ensures that an adequate, complete and prompt system of reporting to the Corporate Bodies and among the Control Functions, is prepared;
- ensures that the shortcomings and anomalies identified during the controls at various levels are promptly brought to its attention, and promotes the adoption of appropriate corrective measures of which it assesses the effectiveness;
- ensures the preservation of confidentiality in the suspicious transaction reporting procedure;
- at least on an annual basis, examines the report issued by the Anti-Money Laundering Function Manager on the audit activities carried out, on initiatives undertaken, malfunctions identified and related corrective actions to be applied, as well as on training activities for personnel and members of the sales network, and lastly on communications submitted by the Board of Statutory Auditors and/or by the Supervisory Body; if these communications refer to breaches considered significant, the Anti-Money Laundering Function Manager also provides all related information at the next available meeting;
- at least on an annual basis, examines the report on results of the self-assessment of money laundering risk, carried out by the Anti-Money Laundering Function;
- assesses the risks related to operations carried out with third countries associated with high risks of money laundering, and identifies the measures for mitigating them, monitoring their effectiveness;
- after consulting the Board of Statutory Auditors, appoints and revokes the Anti-Money Laundering Function Manager and the Delegate responsible for Reporting Suspicious Transactions;
- defines and approves the criteria for coordinating and managing the Group companies, and for determining the criteria for the execution of instructions issued by the Bank of Italy.

Risk Committee

The Risk Committee provides support to the Board of Directors regarding risks and the internal control system. With specific reference to money laundering risk monitoring:

- assists the Board of Directors by expressing its opinion, at least annually, on the compliance, suitability and actual functioning of the Internal Control System, the corporate organisation and the requirements that must be met by the Corporate Control Functions, and ensures that they are fully compliant with the directives and guidelines issued by the Board of Directors;
- brings any weaknesses detected to the attention of the Board of Directors, recommending appropriate corrective actions and ensuring that the main business risks are identified, measured, managed and monitored adequately. In particular, it expresses an opinion on the qualitative and quantitative adequacy of the Anti-Money Laundering Function, and whether it sufficiently independent;
- assists the Board of Directors in determining corporate "guidelines" and "policies" on risks and the internal control system, also consistent with the predefined risk appetite. In particular, it formulates proposals regarding:
    - the exercise methods for strategic control, management and technical-operational activities with respect to individual companies and the Group;
    - the control structure of the Group, with particular reference to the centralisation choices of specific control functions in accordance with supervisory regulations;
    - the organisational model to support Control Functions, the guidelines on respective activities necessary for the determination of related regulations, and coordination of the various functions;
- makes a prior examination of the action plan and annual report of the Anti-Money Laundering Function, and periodic reports relating to assessment of the internal control and risk management system, including the results of the self-assessment of money laundering and terrorist financing risks carried out by the Anti-Money Laundering Function, and those of particular importance prepared by the Internal Audit Function or by the Board of Statutory Auditors. If necessary, it can ask the Internal Audit Function to carry out checks on specific operating areas, at the same time informing the Board of Directors and the Board of Statutory Auditors.

Board of Statutory Auditors

With specific reference to money laundering risk monitoring, the Board of Statutory Auditors:

- monitors compliance with regulations and the completeness, function and adequacy of anti-money laundering controls, using the internal structures to perform the checks and assessments necessary, and using information flows from the other Corporate Bodies, the Anti-Money Laundering Function Manager and the other Corporate Control Functions. In this context:
    - it carefully assesses the suitability of procedures in place to carry out customer due diligence, record and keep the information and report on suspicious transactions;
    - analyses the reasons underlying any shortcomings, anomalies or irregularities found and encourages the adoption of suitable corrective measures;
- expresses an opinion on the appointment and revocation of the Anti-Money Laundering Function Manager and the Delegate responsible for Reporting Suspicious Transactions;
- its opinion is sought on the definition of elements of the overall architecture of the management and control system for money laundering risk;
- monitors compliance with provisions of the Decree to the extent of its responsibilities and duties;

- promptly informs the Bank of Italy of all facts emerging while exercising its functions that could qualify as serious, repeated, systematic or multiple violations of applicable laws and related implementing provisions;
- sends any reports of transactions found independently during the exercise of its duties to the Delegate responsible for Reporting Suspicious Transactions.

Supervisory Board

The Supervisory Board provides a prior contribution to the definition of the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001, and continuously monitors compliance with the processes envisaged in the Decree. If a predicate offence is committed, it analyses the causes to identify the most suitable corrective measures. In order to carry out these activities, the Supervisory Board will receive suitable information flows from the various corporate functions and will have unlimited access to all information required to carry out its duties.

The Supervisory Board will also send any reports of suspicious transactions found independently during the exercise of its duties to the Delegate responsible for Reporting Suspicious Transactions.

Chief Executive Officer

The Chief Executive Officer:

- ensures the implementation of the strategic guidelines and governing policies on money laundering risk, approved by the Board of Directors, and is responsible for the adoption of all interventions necessary to ensure the efficacy of the organisation and the anti-money laundering control system;
- in preparing operating procedures, takes into account the recommendations and guidelines issued by the competent authorities and international bodies;
- defines and ensures the implementation of an internal control system that can readily detect and manage money laundering risk and ensures its continued effectiveness over time, in compliance with the results of the risk self-assessment;
- ensures that the operating procedures and information systems allow the correct fulfilment of customer due diligence and document and information storage obligations;
- as regards the reporting of suspicious transactions, defines and ensures the implementation of a procedure suited to the specific nature of the activities, size and complexity of the Bank, according to the proportionality principle and the risk-based approach; this procedure is capable of guaranteeing reference certainty, standardised conduct, generalised application to the entire structure, full use of relevant information and ability to reconstruct the assessment process;
- with reference to this issue, adopts measures to ensure compliance with confidentiality requirements for the reporting procedure as well as tools, including IT tools, for detecting anomalous transactions;
- defines and ensures the implementation of initiatives and procedures necessary to guarantee prompt fulfilment of reporting obligations to the competent Authorities, as envisaged in anti-money laundering regulations;
- defines this Policy and ensures its implementation;

- defines and ensures the implementation of disclosure procedures to guarantee awareness of risk factors applicable to all the corporate structures involved and the bodies entrusted with control functions;
- defines and ensures the implementation of procedures for managing relationships with customers classified as “high risk”, in compliance with the principles established by the Board of Directors;
- establishes staff training and instruction programmes regarding the obligations envisaged in anti-money laundering regulations; training activities are provided on an ongoing and systematic basis and take into account any developments in the regulations and procedures set up by the Bank;
- defines tools suitable for assessing activities performed by personnel so as to ensure the detection of any anomalies that may emerge, particularly in their conduct, in the quality of communications sent to the authorised contacts and corporate structures as well as in personnel relationships with customers;
- in cases of remote operations (e.g. performed through digital channels), ensures the adoption of specific electronic procedures for guaranteeing compliance with anti-money laundering regulations, in particular the automatic detection of anomalous transactions.

General Manager

The General Manager is at the top of the internal structure and as such participates in the management function to which he/she reports. In particular, with respect to combatting money laundering and terrorist financing, the General Manager:

- supervises the ordinary management of the Bank, as part of directives set by the CEO, guaranteeing that it functions in compliance with current laws and regulations;
- supports the CEO in defining the responsibilities of the corporate structures and functions involved in the various business processes, so that the relative duties are clearly assigned and any potential conflicts of interest are prevented; he/she will also ensure that significant activities are managed by qualified personnel, with an adequate level of independence of judgement and who have experience and skills that match the duties to be carried out;
- issues specific internal orders, including through the corporate functions responsible, in accordance with the regulatory system defined by the Board of Directors.

Internal Audit Function

In accordance with a risk-based approach, the Internal Audit Function continuously monitors the level of adequacy of the corporate organisational structure and its compliance with reference regulations, and monitors how well the overall system of internal controls functions.

With specific reference to provisions on preventing and combatting the use of the financial system for money laundering or terrorist financing, the Internal Audit Function will, also through systematic audits, verify:

- continuous compliance with the due diligence obligations, both when initiating the relationship and as it develops over time;
- the actual acquisition and orderly storage of the data and documents required by law;

- the correct functioning of the Single Electronic Archive and alignment between the various sector accounting procedures and the procedure for entering data and managing the Archive;
- the actual degree of involvement of employees and collaborators and those in charge of the central and peripheral structures in implementing the “active collaboration” obligation.

Moreover, considering the business model of the Bank, particular attention is given to the supervision of operations of the Network of Financial Advisors used by the Bank, carried out by the Internal Audit Function.

Specifically, the Sales Network Audit Unit, within the Internal Audit Function, constantly monitors compliance by the sales network with the rules of conduct, including those relating to combatting money laundering and terrorist financing, referred to in the contractual arrangements and the relevant provisions and guidelines, and contained in the corporate regulations. It carries out this activity using specific remote analysis tools, performing on-site checks and audits, both at the offices of Sales Network collaborators and at the administrative offices of the financial advisors. It conducts the preliminary investigation and submits proposals to the Sales Network Disciplinary Committee on measures to be adopted with regard to Sales Network collaborators who are not compliant with legal and regulatory provisions, as well as with procedures and rules of conduct envisaged internally.

The Sales Network Audit Unit includes the Regulatory Network Monitoring Audit structure, which is assigned the following duties, also in relation to anti-money laundering:

- conducting mass remote audits on the sales network to verify compliance with regulations;
- monitoring the evolution of the internal/external regulatory framework to develop the framework of controls and regulatory indicators;

The Internal Audit Function is also responsible for the whistleblowing process, in which the Bank has identified the Whistleblowing Manager (or WB Manager), specifically appointed by the Board of Directors.

The Function performs follow-ups to ensure that the corrective actions have been adopted for any shortcomings or irregularities found and their suitability for avoiding similar situations in the future.

The Function submits a report, at least annually, to the Corporate Bodies on activities carried out and relative outcomes, without prejudice to compliance with the principle of confidentiality in reporting suspicious transactions.

Compliance Function

The Compliance Function supervises the management of compliance risk, according to a risk-based approach, with regard to company activities, except for the regulatory areas assigned by law to other Control Functions. Specialist units specifically identified in the Group Compliance Policy are used to monitor certain regulatory areas, for which forms of specialist monitoring are required, and they are assigned certain compliance process phases.

Anti-Money Laundering Function

According to a risk-based approach, the Anti-Money Laundering Function is responsible for monitoring money laundering risk and for adjusting the processes in accordance with developments in the related regulatory and procedural environment.

It continuously checks that company procedures are consistent with the objective of preventing and combatting the infringement of external regulations (laws and regulations) and self-governance on the subject of money laundering and terrorist financing.

It pays particular attention to the adequacy of the internal systems and procedures on customer due diligence and storage, as well as of the systems for detecting, assessing and reporting suspicious transactions, the effective detection of other situations subject to disclosure obligations and the appropriate storage of documentation and evidence as required by regulations.

The Anti-Money Laundering Function:

- is a second level control function and is one of the Company Control Functions;
- is independent and its human resources are qualitatively and quantitatively suited to its duties, including economic duties, which can also be initiated independently;
- it must have sufficient personnel with the necessary level of technical-professional skills, also through inclusion in ongoing training programmes;
- reports directly to the Board of Directors, the Board of Statutory Auditors and the Chief Executive Officer;
- has access to all the Bank activities, including any information relevant to the exercise of its duties;
- collaborates with the other corporate control functions to develop its risk management methodology in line with corporate strategies and operations.

With specific reference to customer due diligence activities, in order to guarantee, at the same time, the effectiveness and efficiency of the processes, the direct involvement of the Anti-Money Laundering Function is required on a risk-based approach, taking into account any objective, environmental or subjective circumstances which significantly increase the money laundering risk.

In implementation of the above, the organisational and operating model defined by the Bank envisages that the AML Operational Monitoring Office, within the Service Policy & Procedures Unit, and the personnel responsible for the management and administration of relationships with customers, to the extent of their respective responsibilities, fulfil their enhanced due diligence obligations in the cases considered high risk, identified in paragraph 5.3. Within the scope of the process described above, appropriate escalation mechanisms are also defined in cases where the money laundering risk is particularly high. In addition, the Anti-Money Laundering Function:

- identifies the applicable regulations in terms of monitoring money laundering risk and assesses their impact on internal processes and procedures;
- provides advisory and support activities to the Corporate Bodies, Senior Management and the organisational units of the Bank, regarding issues under its responsibility, especially in the case of new

products and services offered, with particular attention to identifying and assessing risks associated with latest generation products and business practices which include the use of innovative distribution mechanisms and technologies;

- collaborates in the definition of the Internal Control System, procedures and controls aimed at preventing and combatting money laundering risk;
- collaborates in the definition of money laundering risk governance policies and of the various steps in the process for managing this risk;
- continuously verifies the suitability of the money laundering risk management process and the adequacy of the internal control system and procedures, and proposes organisational and procedural modifications needed or advisable to ensure adequate monitoring of this risk;
- ensures the definition and maintenance of controls aimed at guaranteeing compliance with customer due diligence obligations, according to a risk-based approach which requires that such obligations are ranked according to the money laundering risk profile assigned to the customer;
- may carry out the enhanced due diligence process only in cases where – for objective, environmental and subjective circumstances – the money laundering risk is particularly high;
- verifies the reliability of the information system in fulfilling obligations related to customer due diligence, data storage and reporting of suspicious transactions.
- verifies the correct functioning of the information system for the fulfilment of obligations regarding the submission of objective communications;
- analyses and investigates external and internal reports received on alleged suspicious transactions to be submitted to the Delegate responsible for Reporting Suspicious Transactions, to assess the need for reports to the FIU;
- examines evidence emerging from the automatic detection systems or specific detection systems of the Anti-Money Laundering Function and investigates the results for possible submission to the Delegate responsible for Reporting Suspicious Transactions to assess the need for reports to the FIU;
- supports the Delegate responsible for Reporting Suspicious Transactions in submission to the FIU of reports considered valid;
- conducts assessments, in cooperation with the Delegate responsible for Reporting Suspicious Transactions, of the effectiveness of the reporting system and the fairness of first level assessments of customers' operations;
- monitors the monthly submission to the FIU by the IT outsourcer of aggregate data registered in the Single Electronic Archive and objective communications;
- submits objective communications to the FIU in accordance with its instructions;
- as regards anti-money laundering issues, collaborates with the Authorities pursuant to Title I, Paragraph II of the Anti-Money Laundering Decree and responds to their requests for information;
- in cooperation with the other corporate functions responsible for training, ensures the setup of a suitable training programme aimed at achieving staff training on an ongoing basis;
- at least once a year, prepares a report on the initiatives undertaken, the malfunctions identified and the related corrective actions to be taken, as well as on staff training activities, to be submitted to the

Board of Directors, the Risk Committee, the Board of Statutory Auditors and the Chief Executive Officer;

- in cooperation with the other corporate functions involved and based on the methods and time frames defined by the Bank of Italy, conducts the self-assessment exercise on money laundering and financing of terrorism risks, the results of which are included in the annual report described above;
- promptly informs the Corporate Bodies of significant breaches or shortcomings identified during the exercise of related tasks;
- prepares specific information flows to the Corporate Bodies;
- for companies of the Financial Conglomerate with which there are service agreements in effect, outsources specific activities aimed at combatting money laundering risk, according to methods defined in those agreements;
- collects and reviews information flows from the corresponding functions of the foreign subsidiaries of the financial Conglomerate;
- within its area of responsibility, prepares/validates and updates the internal regulations, Policies and regulations on anti-money laundering and anti-terrorism and, if necessary, prepares the related Group guidelines.

The Anti-Money Laundering Function employees must be in a sufficiently independent position to express their personal judgement, express opinions and provide recommendations on an impartial basis; regardless of their hierarchical position within the organisation, they must be free from any effective conflicts of interest arising from professional or personal relationships, or from monetary or any other type of interest that may conflict with their duties; additionally, they must be protected from undue interference that could limit or change their scope of action or the performance of their duties, or that could significantly affect or influence their opinions or the content of their work.

The remuneration and incentive system for Anti-Money Laundering Function personnel must be compliant with supervisory regulations and internal policies.

Anti-money Laundering Function Manager

The Function Manager (hereinafter also referred to as the Anti-Money Laundering Manager) is appointed by the Board of Directors, in agreement with the Board of Statutory Auditors.

The Anti-Money Laundering Manager must meet the necessary independence, authority, professionalism and expertise requirements, as well as the integrity and fit and proper requirements identified in this policy, the fulfilment of which – at the time of appointment and consistently thereafter – are assessed by the Board of Directors.

In order to guarantee the necessary independence and authority, the Anti-Money Laundering Manager is placed in the appropriate hierarchical-functional position, without any direct responsibilities in operational areas or hierarchically reporting to the managers of those areas.

As regards professionalism and expertise requirements, the Anti-Money Laundering Manager must demonstrate the following characteristics:

- in-depth knowledge of current legal and regulatory provisions on anti-money laundering and anti-terrorism and or previous experience in risk management and/or in control functions;
- in-depth knowledge of the banking-financial sector;
- the capacity to relate with Supervisory Authorities, Investigating Authorities and Corporate Bodies.

As regards the integrity and fit and proper profiles, the Anti-Money Laundering Manager must meet the integrity requirements established by the Ministry of Economy and Finance, implementing the provisions of art. 26 of the Consolidated Banking Act applicable to parties performing administration, management and control functions at banks and the specific requirements described in art. 3 of Italian Ministerial Decree 169/2020.[3]

The Board of Directors assesses the characteristics of the candidate and, after consulting the Control Body, authorises the assignment.

The Anti-Money Laundering Manager:

- participates, if required, in the meetings of Corporate Bodies and reports directly to them, with no restrictions or intermediation;
- has access to all necessary corporate documentation to allow performance of the tasks envisaged in the Supervisory regulations;
- verifies the effectiveness of procedures, structures and systems, providing support and advice on management decisions;
- acts as FIU contact for all issues concerning the submission of objective communications and any requests for information.

Delegate responsible for Reporting Suspicious Transactions

The business owner, legal representative of the company or his/her Delegate is responsible for assessing suspicious transaction reports received, and submitting reports considered valid to the FIU.

In order to guarantee suitable independence of the whistleblower and possession of the professionalism and integrity requirements, the role of Delegate responsible for Reporting Suspicious Transactions is assigned to the Anti-Money Laundering Manager; this decision, in addition to guaranteeing suitable independence of the whistleblower, allows assessment of the specific anti-money laundering skills of the manager, as well as his/her knowledge of the procedures for effective customer due diligence and profiling adopted by the Bank.

The Board of Directors may appoint a substitute for the Delegate responsible for Reporting Suspicious Transactions – without prejudice to meeting the professionalism and integrity requirements envisaged for the Anti-Money Laundering Manager – who, if the Delegate responsible for Reporting Suspicious Transactions is absent or otherwise engaged, takes over their powers and duties.

[3] For more detailed information, refer to the internal regulations "*Policy for the appointment, removal and replacement of Managers of the Corporate Control Functions*".

The role and responsibilities of the Delegate must be properly formalised and made public within the structure of the Bank and the Sales Network.

The Delegate responsible for Reporting Suspicious Transactions:

- has free access to the information flows addressed to the Corporate Bodies and Operating Structures involved monitoring money laundering risk (e.g. requests received from the Judicial Authority or investigating bodies);
- in compliance with the confidentiality obligations envisaged in the Anti-Money Laundering Decree on the identity of parties involved in the transaction reporting procedure, provides - also through the use of suitable databases - information on the names of customers referred to in suspect transaction reports to the managers of structures responsible for the assignment or updating of the customers' risk profiles;
- is aware of and rigorously and effectively applies instructions, systems and indicators issued by the FIU;
- to the extent of their responsibility, manages relations with the FIU and promptly responds to any requests for further information that the FIU may make;
- advises the Operating Structures on the procedures to adopt for reporting any suspicious transactions and the abstention from executing the transactions if necessary;
- based on all available information, reviews the reports of suspicious transactions received from the first level Operating Structures and the communications received from the Board of Statutory Auditors, the Supervisory Body and/or the Internal Audit Function as well as those of which he/she becomes aware when exercising his/her duties;
- submits to the FIU any reports deemed valid, omitting the names of parties involved in the transaction reporting procedure;
- giving adequate justification in writing, files reports not considered valid, keeping a record of the assessments carried out as part of the procedure;
- also uses, in his/her assessments, any elements retrievable from freely accessible information sources;
- communicates the outcome of his/her assessments, by applying organisational methods suited to ensuring compliance with the confidentiality obligations envisaged in the Anti-Money Laundering Decree, to the first level party originating the report;
- helps identify the measures needed to ensure confidentiality and storage of the data, information and documentation relating to the reports, to be submitted for approval of the Board of Directors.

The Delegate, when assessing suspicious transactions, may obtain useful information from the structure responsible for first-level analysis of the anomalous transactions and use the support of the Anti-Money Laundering Function.

The Delegate may at his/her own discretion authorise Anti-Money Laundering Function employees to operate (1) in the suspicious transactions reporting system (Infostat-FIU), in accordance with instructions given by the FIU, (2) within the risk profiling system in order to operationally implement the increase/decrease in the profile of parties analysed, as decided by him/her; (3) within the system for communicating infringements of

restrictions on the circulation of cash and bearer instruments (SIAR) and (4) within the GE.SA.FIN. system of prior requests for authorisation to execute transactions/payments on documents representing commodities in the case of countries that are embargoed/sanctioned/under restrictions and/or, within the S.I.G.M.A system, execute transactions/payments relating to weapons materials, as well as to operate, under his/her own responsibility, within the system for the management of aggregate reports (S.Ar.A.).

Sales Network

The financial advisors in the Sales network (Family Bankers ®) are personally in charge, as first level control, of the identification process and due diligence of customers assigned to them, developing knowledge of the customer and ensuring continuous monitoring during the relationship in accordance with the underlying risk. In addition, they are responsible for carrying out the enhanced due diligence process in cases envisaged by regulations and when requested by the Anti-Money Laundering Function.

The financial advisors, within the scope of activities carried out on behalf of the Bank, are required to be informed of and comply with the laws, regulations and provisions issued by the Bank, also in reference to the anti-money laundering rules of conduct, as envisaged in the agency contracts.

The Bank provides its financial advisors with specific operating tools and procedures, manual and IT, to them in complying with anti-money laundering obligations and prepares specific permanent training and professional updating programmes for them, so that they are adequately aware of the reference regulations and related responsibilities and are capable of using tools and procedures to assist in fulfilling the obligations.

All documentation requested and obtained from the customer, both on initial registration and during the constant control of customers, is stored by the Family Banker® for a period of 10 years starting from the day the transaction is executed or the date that the business relationship is closed. The documents are promptly made available, in hard copy or electronic format where possible, at the request of the competent authorities and/or the Corporate Control Functions.

The Bank continuously monitors compliance, by the Sales Network, with anti-money laundering rules of conduct established by regulations and as part of contracts, including through periodic site inspections of the administrative offices of the financial advisors.

As the financial advisors are responsible, in practice, for the administration and management of relationships with the customers assigned to them, they constitute, to all intents and purposes, the first reporting level.

Therefore, financial advisors are responsible for promptly reporting, where possible before executing the transaction, any suspicious transactions, according to the procedures and methods defined internally, when they know, suspect, or have reasonable grounds to suspect that a money laundering or terrorist financing transaction has been executed, is in progress or has been attempted.

Operating Structures

The Operating Structures are the primary owners of the risk management process. During daily operations, these structures are called upon to identify, measure or assess, monitor, mitigate and report risks arising from ordinary business activities in compliance with the risk management process. Moreover, these structures must

comply with their assigned operational limits, consistent with the risk objectives and procedures into which the risk management system is divided.

All employees and collaborators of the Operating Structures, within the scope of their assigned duties, are required to be aware of and comply with the laws, regulations and rules issued by the Bank. The corporate documents governing organisational and behavioural aspects of compliance with current regulations, both legal and as defined by the Bank, must be brought to the attention of all personnel by publishing and disseminating them according to the methods envisaged by each Company of the Group.

If, while carrying out their activities, personnel find that the operating processes in place do not comply with reference regulations or the controls adopted are not sufficiently effective to prevent the involvement, even unwittingly, of the Bank or the Group companies in money laundering or terrorist financing, they must promptly inform their line managers.

If the Operating Structures are in charge of the actual administration and management of customer relations, they will also be in charge of identifying and performing due diligence on the customers assigned to them as the first level of control, to get to know the customer, and ensure the continuous monitoring during the relationship in accordance with the underlying risk. The Operating Structures are also responsible for performing the enhanced due diligence in cases envisaged in regulations, and if requested by the Anti-Money Laundering Function, and are responsible for promptly reporting any suspicious transactions, where possible before executing the transaction, in accordance with internally defined procedures and methods, if they have any suspicion or justified reason to suspect that money laundering or terrorist financing has been carried out, is being carried out, or is being attempted.[4]

Every Structure Manager must, to the best of their ability, arrange personnel management and manage the operating tools provided to them, in order to ensure the constant pursuit of business objectives, and, to the extent of their responsibility, must comply with and ensure compliance with all current laws and regulations, and regulations issued by their company.

Each Manager is responsible for the overall compliance and effective functioning of the first level controls within their structure, adopting suitable controls and information systems.

If while carrying out their duties, the Managers find that the operating processes in place do not comply with regulations or the controls adopted are not sufficiently effective to prevent the involvement, even unwittingly, of the Bank or the Group companies in money laundering or terrorist financing, after the necessary investigations they must promptly involve the Anti-Money Laundering Function for its own assessments.

To that end, the Bank provides its employees and collaborators with operating tools and procedures, also in electronic format, that can help them fulfil their relative anti-money laundering obligations, and sets up specific permanent training and professional updating programmes for them to ensure they are aware of the reference

[4] This is without prejudice to cases where the transaction has to be carried out as there is a legal obligation to accept the action, or cases where the transaction cannot be postponed taking into account normal operations, or cases where postponement of the transaction could hinder investigations.

regulations and related responsibilities, and can properly use the support instruments and procedures to help them fulfil the requirements.

All documentation requested and obtained from the Family Banker® or directly from customers (both on initial registration and during the constant control of customers) is stored by the Bank for a period of 10 years starting from the day the transaction is executed or the date that the business relationship is closed. The documents are promptly made available, in hard copy or electronic format where possible, at the request of the competent authorities and/or the Corporate Control Functions.

Service, Operations & ICT Department

The Service, Operations and ICT Department is responsible for managing the operating processes of the Bank, provided through the Customer Banking Center, Product Operations and Sales Support Center sectors and the Service Policy & Procedures Managerial Support Unit and the ICT Division.

It oversees and maintains the IT systems of the Bank and companies to which services are provided. It handles relations with outsourcers and oversees and controls the activities, assessing the services provided and the service levels.

It manages direct contacts of existing and prospective customers with the Bank, for IT and devices, through the services available via different channels: telephone (Banking Center, Automatic Voice Response, text messaging, Mobile Banking) and the Internet (e-mail, chat, internet banking).

The Department also provides a telephone and written support service to the Sales Network (Sales Support Center) in order to provide fast answers to customer applications through the financial advisors.

The Department manages the receipt and archiving of incoming documents, customer data, the opening, management and closing of contracts for all products placed by the Bank through the Product Operations Sector, supporting “specialised” organisational units of the Bank and the Product Companies, in compliance with the distribution assignments.

It applies the contractual and economic conditions, receivable and payable, of the various services and products offered by the Bank and the Group, in compliance with procedures and limits established by the Board of Directors and communicated by the Chief Executive Officer and General Manager.

The Service, Operations & ICT Department Manager authorises the start, continuation and maintenance of a business relationship or the execution of an occasional transaction with Politically Exposed Persons, as well as the start, continuation and maintenance of a business relationship involving high risk third countries or the execution of an occasional transaction involving such countries.

If the Service, Operations & ICT Department Manager is absent or otherwise engaged, powers are conferred to the Product Operations Sector Manager to authorise the start, continuation and maintenance of a business relationship or the execution of an occasional transaction with Politically Exposed Persons, as well as the start, continuation and maintenance of a business relationship involving high risk third countries or the execution of a transaction involving such countries.

The actual exercise of the powers certifies that the main delegated party is absent or otherwise engaged, and releases third parties from any scrutiny or liability in this respect.

Within the Service, Operations & ICT Department, the managerial support organisational unit named “Service Policy & Procedures" is in charge of defining and documenting the set of first level Anti-Money Laundering controls based on guidance received from the Anti-Money Laundering Function, and constitutes the sole operational contact for the Service, Operations & ICT Department for such matters. Specifically, within the Service Policy & Procedures Unit, the AML Operational Monitoring Office:

- oversees the enhanced due diligence process for customers - with high money laundering risk or in a case of increase in the money laundering risk profile due to transfer to high risk, in cases other than those analysed by the Anti-Money Laundering Function, as well as on the periodic expiry of the assigned profiles - and of any transactions. With regard to the Insurance Group, for which the Bank carries out distribution activities, it oversees the enhanced due diligence process on transactions deemed high risk, as defined by the Anti-Money Laundering Function of the Mediolanum Vita Insurance Group.
- performs first level controls on transactions ordered by customers, based on parameters and rules agreed with the Anti-Money Laundering Functions of the Bank and Group companies with which specific outsourcing agreements are in place;
- performs first level controls on specific transactions executed by customers (for example: bank transfers for significant amounts, bank transfers in dollars, lack of correspondence between the beneficiary and account holder on incoming bank transfers, transactions executed by trust companies, collections of bills of exchange, transactions involving high-risk third countries and operations on prepaid cards or debit cards, etc.);
- performs continuous monitoring of operations (banking, insurance and financial) of customers not assigned to a financial advisor, based on the parameters agreed with the Anti-Money Laundering Function, coordinating with the Self Customer Marketing Office of the Customer Marketing and Digital Services Division;
- in the event of enhanced due diligence, it guarantees the fastest possible processing times for transactions ordered by customers, involving he Anti-Money Laundering Function in cases in which, due to objective, environmental and subjective circumstances, the money laundering risk is particularly high;
- oversees the preliminary processes for the assessment and subsequent decision on authorisation - by the holders of administrative or management powers or their delegates - of the start, continuation or maintenance of a business relationship or the execution of an occasional transaction with Politically Exposed Persons, as well as the start, continuation or maintenance of a business relationship involving high risk third countries or the execution of a transaction involving such countries.

The manager of the managerial support unit called Service Policy & Procedures and the AML Operational Monitoring Office Manager are granted specific powers to authorise transactions of up to Euro 100,000 and up to Euro 15,000, respectively, involving high-risk third countries.

If assessments and controls carried out by the Service, Operations & ICT Department detect reasonable elements for suspicion, it sends a suspicious transaction report to the Anti-Money Laundering Function, so that this Function may carry out all the appropriate investigations and assessments, coordinating with the Family Banker® or with the employee assigned actual administration and management of the relationship with the customer.

Credit Department

The Credit Department is responsible for guaranteeing adequate implementation of the Bank's credit policy and particularly ensures compliance with the current transparency and usury regulations. It oversees and coordinates operating activities connected with ordinary and special loans, interacting with customers and the Sales Network to finalise the services requested.

On preliminary credit assessment, the Credit Department conducts specific analyses on the various parties involved in order to identify, assess and manage the money laundering risk associated with the transactions, also considering the risk profile assigned to the customers. Once the loan has been granted, the Department focuses specific attention on the allocation of cash flows, especially if the loan has specific restrictions as to its purpose.

If, after the assessments and controls carried out by the Credit Department, there are reasonable elements for suspicion, it sends a Suspicious Transaction Report to the Anti-Money Laundering Function, so that this Function may carry out all the appropriate investigations and assessments, coordinating with the Family Banker® or with the employee actually assigned to administrate and manage the relationship with the customer, providing feedback to the Credit Department.

The Credit Department duly takes into account the analyses conducted by the Anti-Money Laundering Function in its credit rating assessment.

Tax Affairs Division

As part of its assigned duties, the Tax Affairs Division monitors regulations as and when issued, ensuring their correct adoption by the reference structures in the relevant processes for the correct identification of customers.

It monitors the customer classification process for QI, FATCA and CRS purposes, providing guidance on the methods for recovering missing data, as well as specialist advice on specific cases. In this respect, it conducts compliance checks on the processes concerned and on the documentary evidence collected, at its own initiative and/or based on obligations envisaged in the "Compliance Programme" (an obligation introduced on renewal of the QI Agreement - effective from 1 January 2017 - which includes internal procedures, processes and controls to guarantee that the QI correctly fulfils obligations imposed by the QI Agreement, and complies with applicable FATCA obligations).

It prepares and transmits communications to the Italian Inland Revenue as required by DAC 6 regulations.

Corporate Affairs, Legal and Litigation Department

The Judicial Documents Office of the Corporate Affairs, Legal and Litigation Department oversees the receipt and processing of requests or measures from the Investigating Bodies and the Judicial Authority, recording these in the reference database, and informs the Individual Customer Records Line of the specific code to be assigned to the position of the customer(s) concerned so that such information is taken into due consideration during customer risk profiling.

The Judicial Documents Office also promptly informs the Anti-Money Laundering Function of specific requests and measures, according to the provisions of the current Process Regulations for Reporting Suspicious Transactions.

Wealth Management Department

The Wealth Management Department is in charge of supervising the Bank's advisory services to high-wealth customers, developing the knowledge of private customers,[5] and is the internal contact for managing the related business relationships.

It oversees the process of identification and due diligence of private customers not assigned to a Family Banker®, coordinating with the AML Operational Monitoring Office for the ongoing monitoring of operations during the business relationship, based on the risk.

Investment Banking Department

The Investment Banking Department provides extraordinary finance advisory services to companies whose shareholders are business owners that already have business relationships with the Bank as individuals or prospects, or assistance to business customers in designing and executing transactions such as, for example: debt issues, listings, acquisitions/mergers/sales or joint ventures.

With specific reference to this Policy, the Department oversees the enhanced due diligence of customers/prospects that request advisory services or assistance, reporting any suspicious transactions or anomalous conduct detected to the Anti-Money Laundering Function.

Human Resources Department

At the request of the AML Operational Monitoring Office, the Human Resources Department oversees the due diligence process on transactions conducted by employees of the Bank who are not assigned to a Family Banker®.

In collaboration with the Anti-Money Laundering Function, the Human Resources Training Sector of the Human Resources Department ensures the planning and provision of specialist training and professional development courses on combatting money laundering and terrorist financing to employees of the Bank and of the Italian companies of the Group.

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[5] Customers with total assets equal to or greater than Euro 2 million.

Sales Network Careers, Planning and Organisation Division

At the request of the AML Operational Monitoring Office, the Sales Network Careers, Planning and Organisation Division oversees the due diligence process on transactions conducted by the financial advisors of the Sales Network acting as their office managers.

Customer Marketing and Digital Services Division

In the Customer Marketing and Digital Services Division, the Self Customer Marketing Office manages and administers relationships with customers not assigned to a financial advisor.

As part of the money laundering risk monitoring, the Self Customer Marketing Office, as first level control unit, continuously monitors banking, insurance and financial operations of customers not assigned to a financial advisor, with the support of the AML Operational Monitoring Office of the managerial support organisational unit, Service Policy & Procedures. Therefore, it fulfils the customer due diligence obligations and, where necessary, enhanced due diligence obligations.

If, after conducting the assessments and controls, the Office detects reasonable elements for suspicion, it sends a Suspicious Transaction Report to the Anti-Money Laundering Function, so that this Function may carry out all the appropriate investigations and assessments.

4.2 ITALIAN COMPANIES BELONGING TO THE BANKING GROUP

With reference to money laundering risk monitoring, in order to pursue the full and actual implementation of the Group model, the consolidated subsidiaries adopt a policy consistent with the principles and guidelines of this Policy, in accordance with a principle of proportionality and on the basis of the specific nature of its activities.

If required by secondary regulations, the Body with strategic supervisory function (after consulting the control body) of each Italian company belonging to the Group appoints its own Manager/Representative/Contact of the Anti-Money Laundering Function.

4.3 FOREIGN COMPANIES BELONGING TO THE BANKING GROUP

In order to pursue full and real implementation of the Group model, the procedures in place at the foreign subsidiaries and branches must be in line with the Group standards and ensure sharing of the information at consolidated level, without prejudice to compliance with the specific legal requirements of the host country. Consequently, foreign subsidiaries will adopt an anti-money laundering policy in accordance with this policy, based on a principle of proportionality and taking into account the specific nature of the business and local regulations.

In the foreign companies where local regulations envisage such a figure, and in any case in compliance with local regulatory provisions, an Anti-Money Laundering Manager will be appointed to ensure the correct management of the risk arising from the requirement to comply with all applicable provisions, also as regards

the different areas of international operations. The Anti-Money Laundering Manager will ensure compliance with the policies approved by the Parent Company.

5 GROUP PRINCIPLES FOR COMBATTING MONEY LAUNDERING AND TERRORIST FINANCING

The Bank and the companies of the Group adopt procedures and methodologies commensurate to the nature of their business activities and their size, for the analysis and assessment of money laundering and financing of terrorism risks to which they are exposed in conducting their activities, taking into account multiple risk factors.

In that regard, the Bank has defined specific Group guidelines based on the highest standards for combatting money laundering and terrorist financing, with which members of the corporate bodies, employees and collaborators must comply to avoid involvement, even unwittingly, of the Bank and the Group companies in any money laundering or terrorist financing.

The guidelines for fulfilling the obligations in accordance with regulatory provisions are provided below, and are organised, to ensure implementation, into the specific process rules and internal procedures adopted by each company in the Group.

5.1 CUSTOMER DUE DILIGENCE

The Bank adopts customer due diligence measures proportional to the extent of its exposure to money laundering risk, taking into account specific factors relating to the customer, transaction or business relationship.

The acquisition of information must be for the purpose of assessing, throughout the duration of the Relationship, the consistency of transactions with knowledge of the customer, its activities and its risk profile.

The KYC - Know Your Customer principle, which translates into rules for due diligence, assumes particular relevance also in relation to the principle of “active collaboration” and to the obligation of reporting suspicious transactions (see par. 5.7). The identification of the customer, representative and beneficial owner, if any, with related verification of identity and the collection of information, must take place within the scope of a discussion which is necessary, on the one hand, for the customer to become familiar with the Bank and to declare the scope and nature of the business relationship that it intends to establish, and on the other hand, for the Bank and its personnel to better know the customer, its banking, financial and insurance needs, and to offer the products and services that are most suited to its requirements.

For this purpose, the Bank adopts appropriate training initiatives for its personnel, as described in paragraph 5.11 below.

Employees of the Operating Structures in charge of the actual management and administration of customer relationships and the financial advisors in the Sales Network fulfil due diligence obligations by complying with the measures, methods and internal procedures adopted by the Bank to develop and keep their knowledge of the customer updated, and to report any suspicious transactions.

In order to ensure the correct execution of customer due diligence, the financial advisors and Operating Structures of the Bank, which are responsible for the management and administration of relationships with the customers, arrange:

- identification of customers, any representatives and beneficial owners and the acquisition of related identification documents as well as additional information necessary to determine the risk profile to be associated with the customer, envisaged in the forms of the Bank and companies whose products are placed by the Bank;
- in cases envisaged in current regulations, identification of the beneficiary and any beneficial owner of the beneficiary of an insurance service provided through policies placed by the Bank in its capacity as insurance intermediary;
- verification of the identity of the customer, the beneficiary, the representative, if any, and the beneficial owner of the customer and of the beneficiary, based on the documents, data or information obtained from a reliable and independent source;
- records of customers, representatives, if any, and the beneficial owners, available on the Bank database and the storage of documentation acquired for identification and verification purposes, according to the confidentiality provisions and measures dictated by internal regulations;
- acquisition and assessment of information on the scope and nature of the business relationship and any occasional transactions, as well as the relations between the customer and the representative or the customer and the beneficial owner;
- the constant control of business relationships in order to keep knowledge of the customer and the declared scope of the relationship up to date, and to assess any “unexpected” or anomalous transactions, or transactions that are not consistent with the economic or financial profile of the customer previously known or news of significant events;
- the periodic update of data and information gathered, with a frequency depending on the risk profile previously associated with the customers, asking them to provide, under their own liability, all the up-to-date information needed to allow the due diligence obligations to be fulfilled.

Enhanced due diligence activities are carried out at least at the times and in the circumstances described below:

- when a business relationship is established or when the beneficiary of an insurance policy is designated;
- at the time of execution of an occasional transaction, arranged by the customer, involving the transmission or the handling of payment instruments in an amount equal to or exceeding Euro 15,000, regardless of whether it is executed as a single transaction or through multiple transactions which appear to be connected in order to perform a split transaction or it consists in a transfer of funds, as

defined in art. 3, paragraph 1, point 9, of the Regulation (EU) no. 2015/847 of the European Parliament and of the Council, exceeding Euro 1,000;

- when there is a suspicion of money-laundering, regardless of any derogation, exemption or applicable threshold, also based on indicators of anomalies and patterns that are representative of abnormal conduct issued by the FIU, in compliance with the Anti-Money Laundering Decree;
- when there are doubts regarding the completeness, reliability or truthfulness of the information or documentation previously acquired from the customers.

The Bank fulfils the due diligence obligations for new customers as well as for existing customers in relation to which due diligence is appropriate given a change in the level of money laundering risk associated with the customer. For existing customers, the Bank complies with the aforementioned provisions when fulfilling the obligations set out in Council Directive 2011/16/EU of 15 February 2011, on administrative cooperation in the field of taxation and repealing Directive 77/799/EC, as part of the relevant national implementing rules on administrative cooperation in the field of taxation.

The collection of data and information is achieved through a guided process for completion of the "Personal Data Record and Customer Due Diligence Form" and the specific "Addenda to the Personal Data Record and Customer Due Diligence Form" (see par. 5.3).

Due diligence is not required for activities for the purpose of or related to the organisation, functioning or administration of the Bank, taking into account that they do not form part of its institutional activities and that, in performing them, the counterparties of the Bank qualify as providers of goods or services at the initiative of the Bank, rather than as customers asking to establish a business relationship or to carry out an occasional transaction.

Relationships and transactions carried out at the initiative of the manager providing an individual portfolio management service are also excluded.

Under no circumstances may the due diligence obligations be transferred to shell banks or intermediaries located in high-risk third countries. when a business relationship is established or when the beneficiary of an insurance policy is designated;

Remote operations

Remote operations refer to transactions carried out without the physical co-presence of the customer and the personnel appointed by the Bank (e.g. through the telephone or electronic systems); if the customer is a party other than a natural person, it is considered to be present when the representative is.

The Bank pays particular attention to remote operations, in consideration of the absence of direct contact with the customer or the representative, also due to the growing risk of fraud associated with identity theft, including when resorting to the use of public databases.

In cases of remote operations, the Bank acquires the identification data of the customer and the representative and obtains evidence in the form of a copy – obtained via fax, mail, in digital or similar format – of a valid ID document, pursuant to current regulations.

In order to obtain additional evidence of the acquired data, the remote identification process is followed by a bank transfer, instructed by the customer, from an intermediary bank located in Italy or in an EU country, without prejudice to the customer's option to arrange *de visu* identification though a financial advisor of the Bank or the digital remote identification procedure, based on an audio/video recording procedure governed by Annex 3 of the Provisions on Customer Due Diligence issued by the Bank of Italy in implementation of the Anti-Money Laundering Decree.

With a view to minimizing exposure to possible money laundering and/or fraud risks, the initiation of remote relationships by the following parties is not permitted:

- other than natural persons;
- not resident in Italy;
- showing FATCA implications (US Persons);
- falling under the category of Politically Exposed Persons;
- characterised by “negative reputational indicators” based on the “lists of names” and databases used by the Bank.

In these cases, the process for establishing the relationship can only occur through the Bank personnel directly responsible for the customer due diligence process.

Any request for means of payment from customers establishing remote relationships, in any event involves the recorded delivery mailing of a specific communication to a physical address, triggering specific checks in the event of failed delivery of the correspondence to the address to which it was sent.

In consideration of the aforementioned limitations and the controls adopted by the Bank, the Anti-Money Laundering Function has carried out special checks and has considered that the risk associated with the remote identification process is, on the whole, minimal.

5.2 CUSTOMER PROFILING

In order to grade the depth and extension of due diligence obligations, the Bank adopts suitable procedures for profiling each customer according to their money laundering risk, which consider the following risk factors:

- relating to the customer, the representative and the beneficial owner;
- relating to products, services, transactions or distribution channels;
- geographic.

This approach is an application of the broader principle of proportionality referred to in current regulatory provisions, the aim of which to maximise the effectiveness of corporate controls and streamline the use of resources.

To that end, the information on the money laundering risk profile is made available to the financial advisors of the Sales Network and to the Operating Structures in charge of the actual management and administration of relationships with customers. In line with the provisions of current regulations, personnel with access to the

information on customer risk profiles must maintain the utmost confidentiality, refraining from communicating that information to the customers or to third parties.

The electronic controls available to the Bank[6] allow the determination of a "score", based on the processing of data and information acquired on initial registration, opening of business relationships, execution of occasional transactions or monitoring of operations undertaken, that represents the level of money laundering risk and the classification of customers into four classes. The table below shows possible risk profiles that can be assigned to customers and the updating frequency of the information:

Class	Risk profile	Information updating frequency
1	Immaterial	Every 48 months
2	Low	Every 36 months
3	Medium	Every 24 months
4	High	Every 12 months

The Bank monitors and periodically updates the scores and rules attributed to the risk profiling system, also in relation to developments in the reference context and leading market practices.

As part of a Group, the Bank (and likewise the other companies of the Group) in any event assumes, for the same customer, the highest profile among those assigned by all the companies of the Group.

The profiling system ensures that the scores assigned by the electronic system, are consistent with the knowledge of the customer.

In identifying risks relating to the customer, the representative and the beneficial owner, the Bank considers additional risk factors linked to:

- the business activities or profession of the customer and its beneficial owner,
- the reputation of the customer and its beneficial owner,
- the nature and conduct of the customer and its beneficial owner, also in relation to a possible increase in the risk of terrorist financing,

assessing available information and any negative information originating from the media or other information sources considered well-founded and reliable, examining reports on abnormal conduct issued by the Sales

[6] The Bank uses GIANOS GPR ® software for customer profiling in relation to money laundering risk.

Network or employees of the Operating Structures that actually manage and administer the relationships with customers.

Based on all the information acquired, if the financial advisor or employee deem the customer's conduct to be anomalous or a transaction to be unreasonable, based on the usual operations/assets/income of the customer, a Suspicious Transaction Report is promptly sent to the Anti-Money Laundering Function so that an in-depth analysis of the case can be performed and submitted to the Delegate responsible for Reporting Suspicious Transactions for assessments under his/her responsibility, including raising the level of the customer's risk profile if necessary, keeping records of the assessments conducted.[7]

In assessing anomalous conduct by customers assigned to them or the unreasonableness of transactions implemented by such customers, financial advisors take into account all the data acquired from customers and the information in their possession, including that acquired from other intermediaries with the explicit consent of the customer that subscribed to the information service on accounts held with one or more payment service providers, offered by the Bank as an Account Information Service Provider - AISP.

With regard to risk class 4, equal to a "high" risk profile, the Bank considers the following to have the highest money laundering risk, regardless of the scores assigned by the customer profiling system used:

a) the customers, beneficial owners, designated beneficiaries and representatives for which negative reputational indicators have been identified, based on:

    - inclusion of their names in the lists of associated persons or entities for the purpose of applying the freezing obligations envisaged by the UN Security Council, EU Regulations or decrees adopted pursuant to Legislative Decree no. 109 of 22 June 2007 or that of the Office of Foreign Asset Control (OFAC) of the US Treasury Department;
    - negative information originating from the media or other information sources;
    - negative information provided directly by the customer or the reference financial advisor concerning criminal proceedings, tax proceedings and administrative liability of entities proceedings (pursuant to Legislative Decree 231/01), etc.;
    - requests/measures originating from the Judicial Authority, pursuant to the Anti-Mafia Code (assessments required by the Criminal Courts pursuant to Legislative Decree 159/2011 - Anti-Mafia - preliminary investigation phase) or to the anti-money laundering regulations (assessments required by the Criminal Courts pursuant to the Anti-Money Laundering Decree - preliminary investigation phase);
    - attachment orders, full and preventive injunction measures adopted by the Judicial Authority;

b) customers, beneficial owners and representatives referred to in reports sent to FIU;

[7] For more details and examples of anomalous transactions and conduct that require further analysis by the financial advisors of the Sales Network and the employees that actually manage and administer relations with customers, refer to the Regulations on the process of Reporting Suspicious Transactions.

c) customers whose funds originate from voluntary disclosure transactions or similar procedures for capital repatriation associated with tax evasion or other crimes;

d) cross-border through accounts involving the execution of payments with a credit institution or correspondent bank of a third country;

e) business relationships, professional services and occasional transactions with customers and related beneficial owners who are Politically Exposed Persons,[8] except in cases where such PEPs are acting as Public Administration bodies;

f) business relationships, professional services and transactions that involve high-risk third countries, as well as customers and beneficial owners with residence or registered office in high-risk third countries and high-risk geographic areas;[9][10]

g) structures that can be qualified as asset interposition vehicles, such as trusts, fiduciary companies (regardless of related enrolment in the register pursuant to art. 106 of the Consolidated Finance Act),

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[8] For the purpose of customer risk profiling, the Bank may also consider customers or beneficial owners that hold public offices in areas not covered by the concept of PEP, but for which significant exposure to the risk of corruption in any event exists. Such a case, though not resulting per se in enhanced due diligence obligations, is assessed along with other subjective and objective factors considered in the overall customer risk profiling.

[9] In order to assess geographic risks, the Bank considers the following risk factors

1) third countries that authoritative and independent sources believe lacking in effective controls for the prevention of money-laundering (such as countries included in the EU/GAFI list);
2) countries and geographic areas that finance or support terrorist activities or where terrorist organisations operate (such as countries included in the EU/GAFI lists);
3) countries subject to sanctions, embargoes or similar measures adopted by competent national and international bodies;
4) countries assessed by authoritative and independent sources as non-compliant with international standards on transparency and exchange of information for tax purposes;
5) countries and geographic areas assessed as having a high level of corruption or susceptible to other criminal activities, as determined by authoritative and independent sources.

The Bank considers the geographic risks listed above based on the different critical level assigned to each. In implementing this risk-based approach:

- the countries under points 1) and 2) are considered “high-risk third countries”;
- the countries under points 3) which are not already included among those under points 1) and 2) are considered “high-risk geographic areas”;
- the geographic risk factors referred to in points 4) and 5) do not automatically involve the assignment of a high risk profile to the countries concerned, but are assessed for the purpose of a possible increase in the risk level, together with additional relevant factors, using the Basel AML Index, calculated by the Basel Institute on Governance, an independent and non-profit organisation, specialised in combatting corruption and other financial crimes.

The Anti-Money Laundering Function can in any event propose, to the CEO, suspension of the opening of new relationships and the execution of transactions with countries characterised by one or more of the geographic risk factors described above.

The updated list of countries considered higher risk and those with which operations have been suspended is periodically made available to the Board of Directors, as part of the reporting periodically produced by the Anti-Money Laundering Function and sent to the Anti-Money Laundering Managers of the subsidiaries.

[10] For the purpose of increasing the risk profile, for high-risk third countries not only the residence, but also citizenship is relevant.

foundations, non-profit organisations, companies with all or part of the share capital held by a fiduciary company, a trust, an entity or similar legal status; companies controlled by fiduciaries;

h) customers with an anomalous or excessively complex corporate structure, given the nature of the business conducted, foreign parties other than individuals;

i) customers carrying out a type of business activity characterised by high use of cash or with an involvement in sectors particularly exposed to corruption risks;

j) customers benefiting from services with a high degree of personalisation, offered to customers with assets for a significant amount;

k) customers benefiting from investment banking services.

The Bank also considers customers identified by the Delegate responsible for Reporting Suspicious Transactions after prudent assessment as having high money laundering risk. The Delegate may also decrease the assigned scores, as a result of their assessment after analysing specific positions, retaining evidence of the analyses conducted. In any event, it is not allowed to the independent changing of assigned scores by other personnel is not permitted.

This without prejudice to the option of the AML Operational Monitoring Office of Anti-Money Laundering Function to ask the Family Banker® or employees who administrate and manage relationships with the customers to perform the enhanced due diligence process in all cases, including those not listed above, where money laundering risk appears to be particularly high.

In order to ensure correct assessment of the risks related to products, services, transactions or distribution channels, the competent corporate functions of the Bank ensure the involvement of the Anti-Money Laundering Function from the preliminary analysis and feasibility study phases. The risk must be carefully assessed, in particular, in the case of latest generation products and commercial practices that include the use of innovative distribution mechanisms or technologies for new or pre-existing products.

5.3 ENHANCED CUSTOMER DUE DILIGENCE

In the presence of high money laundering risk, the Bank adopts enhanced customer due diligence measures by acquiring additional information on the customer, on the beneficial owner and on any representative, analysing in depth all elements on which the assessments are based as regards the purpose and nature of the relationship, and intensifying the application frequency of procedures aimed at guaranteeing constant control during the business relationship.

As it forms part of the more general due diligence process and in-depth customer due diligence, the application of enhanced due diligence is particularly important, also in connection with the principle of “active cooperation” and the obligation of reporting suspicious transactions (see paragraph 5.7).

Based on the model adopted by the Bank, the enhanced customer due diligence activities are primarily assigned to financial advisors or to the appointed employees, who are required to:

- acquire additional information on the customer and the beneficial owner;

- acquire/update and assess information on the reputation of the customer and/or the beneficial owner (including any prejudicial elements obtained by consulting open sources, for instance through the use of Internet search engines);
- carefully assess the information provided by the customer on the purpose and nature of the relationship, assessing this in relation to the other information already available on opening of the relationship, or in the case of customers who already have a relationship with the Bank, with the activities already identified. In this regard, the following elements are taken into consideration: the number, size and frequency of the transactions performed, the origin/destination of the funds, the nature of activities carried out by the customer and/or the beneficial owner, the reasonable nature of the transactions performed in relation to the customer's overall profile;
- perform in-depth assessments on the origin of the customer's assets and the source of the funds used in the business relationship, through a structured process that takes into consideration, first and foremost, the reliability of the information available to the financial advisor and to the Bank, as well as the availability of financial-equity information produced directly by the customer or inferred from movements in the relationship (e.g. emoluments or dividends credited, etc.) or retrievable through open sources or from public databases (e.g. financial statements, VAT and income tax returns, notary deeds, succession declarations, declarations/documents from the employer or other intermediaries). In this regard, certain aspects, such as the degree of knowledge of the customer and/or the seniority of the relationship, the consistency of the customer profile with its financial-equity position, are of a particular importance;
- carry out more frequent assessments and updates of database records and of information collected for know-your-customer purposes.

The Bank also requires authorisation from parties with administrative or management powers or their delegates or, in any event, parties performing an equivalent function:

- before starting, continuing or maintaining a business relationship or executing an occasional transaction with Politically Exposed Persons;
- before starting, continuing or maintaining a business relationship or executing an occasional transaction involving high-risk third countries, acquiring additional information on the purpose and nature of the business relationship or professional service, the origin of the funds and the economic and financial position of the customer and the beneficial owner, on the reasons for the transactions planned or executed, ensuring constant, enhanced control over the business relationship or professional service.
- before starting, continuing or maintaining a business relationship or executing an occasional transaction with trusts, foundations, complex corporate chains, parties with registered offices in foreign countries or fiduciary companies.

In order to keep track of the assessments conducted by the financial advisors of the Sales Network or by employees assigned to actually administer and manage relationships with customers, the use of the Anti-Money Laundering Assessment Form - Customers with HIGH Risk Profiles is required, or, for the insurance segment, the Enhanced Transaction Due Diligence form.

The above measures are commensurate to the customer risk, with the following modelling of processes based on the level of risk:

- Customers with high money laundering risk: additional data is formally obtained from customers in this class, with specific reference to Politically Exposed Persons resident in high-risk third countries or high-risk geographic areas, structures that can be classified as third-party asset management vehicles and customers that benefit from highly personalised services, and subsequent acquisition by the Bank of the “Addendum to the Personal Data Record and the Customer Due Diligence Form" signed by the customer. Only for customers classified as PEP, the "PEP-Certification of Origin of Funds Used", signed by the customer, is also required. For the insurance segment, the form on Enhanced Transaction Due Diligence form is also acquired;
- Customers with high money laundering risk, classified as such by the internal profiling procedure: the entire enhanced due diligence process is managed by the Family Banker or appointed employee, who on expiry of the risk profile (validity of 12 months) or transfer of the customers to "high" risk will be required to draw up the specific Anti-Money Laundering Assessment Form - Customers with HIGH Risk Profiles”. For the insurance segment, the Enhanced Transaction Due Diligence form is also acquired;
- Customers with medium money laundering risk, classified as such by the internal profiling procedure: the entire enhanced due diligence process is managed by the Family Banker or appointed employee, who on expiry of the risk profile (validity of 24 months) will be required to draw up the specific “Anti-Money Laundering Assessment Form - Customers with MEDIUM Risk Profiles”, in accordance with timing and methods communicated by the Bank through specific circulars - to be held on record in the event of subsequent checks by the Bank.

Without prejudice to “transactions of unusually high amounts or for which there are doubts regarding the purpose for which they are actually intended”, which must always be brought to the attention of the Anti-Money Laundering Function by the Family Banker® or the employee responsible for actual administration and management of the relationships with customers or employees of the Operating Structures as part of their activities, the Bank considers the following transactions as having high money laundering risk, regardless of the risk profile assigned by the customer profiling system:

a) transactions in cash, frequent and unjustified, characterised by the use of high denomination banknotes in Euro or the presence of banknotes that are damaged or counterfeit;
b) transactions involving cash or other cash equivalents originating from abroad, in a total amount equal to or exceeding Euro 10,000;
c) transactions involving high-risk third countries;
d) transactions relating to oil, weapons, precious metals, tobacco products, cultural artefacts and other moveable assets of archaeological, historical, cultural or religious significance or of rare scientific value, as well as ivory and protected species;
e) next generation products and commercial practices, including innovative distribution mechanisms and the use of innovative or evolving technologies for new or pre-existing products.

In this regard, specific enhanced transaction due diligence procedures are defined directly by the Bank, involving the financial advisor or appointed employee concerned, where deemed necessary.

Specific enhanced due diligence processes are also defined with regard to investment and disinvestment transactions implemented by high-risk customers, both with regard to direct transactions with the Bank, with specific focus on asset management and Wealth and Investment Banking services, and with regard to other Group companies for which the Bank acts as placement agent, with specific focus on mutual investment funds, life insurance policies and trust mandates.

As indicated in paragraph 4.1 above, in a case of objective, environmental or subjective circumstances that increase money laundering risk, the activities related to customer due diligence are performed directly by the Anti-Money Laundering Function.4.1

These refer in particular to the cases listed in points a), b), c) and d) of paragraph 5.2 above.

The Anti-Money Laundering Function must also be involved by the financial advisors and employees of the Operating structures which are entrusted with the actual administration and management of relationships with customers when anomalies are identified in the conduct of the customer or the representative, as described above.

In these cases, the enhanced due diligence process envisages the acquisition of information through the financial advisor or employee of the Operating Structure who actually manages and administers the relationships with customers.

The Anti-Money Laundering Function carries out additional in-depth analyses to verify the consistency of the transactions under scrutiny and between the information collected and that held by the Bank and, if necessary, asks the customer, through the financial advisor or employee concerned, to provide specific documentation.

In cases other than the above, the Anti-Money Laundering Function uses methods, defined by the Function, to verify the adequacy of the enhanced due diligence process conducted by the AML Operational Monitoring Office and the financial advisors or employees responsible for the actual management and administration of relationships with customers.

5.4 SIMPLIFIED CUSTOMER DUE DILIGENCE MEASURES

In the presence of low money laundering risk, the Bank may apply simplified customer due diligence measures under the profile of an extension and frequency of obligation fulfilments, in relation to:

- companies listed on a regulated market and subject to disclosure obligations with an obligation to ensure adequate transparency of beneficial ownership;
- public administrations, or institutions or bodies that carry out public functions, in compliance with EU law;
- banking and financial intermediaries listed in art. 3, paragraph 2, of the Anti-Money Laundering Decree - except for those under letters i), o), s), v) - and banking and financial intermediaries operating in the

EU or in a third country with an effective system for combatting money laundering and terrorist financing;

- supplementary pension schemes governed by Italian Legislative Decree no. 252 of 5 December 2005, provided that these do not include redemption clauses other than those in art. 14 of that Decree, and that they cannot be used as collateral for a loan beyond the cases permitted by law;
- pension schemes or equivalent systems that pay pension benefits to employees, for which contributions are paid through deductions from remuneration and do not allow beneficiaries to transfer their rights.

For the correct fulfilment of the above obligations, the Bank distinguishes between “active” and “passive" counterparties.

“Active” counterparties are the customers, i.e. companies that have business relationships with the Group (e.g. placement and/or distribution agreements) or that carry out occasional transactions (e.g. treasury transactions, hot money transactions).

The following, for example, are “active” counterparties:

- institutions/companies holding correspondent and/or settlement accounts;
- companies managing mutual investment funds;
- institutions/companies that are issuers of securities listed through public offers to which the Bank subscribes directly;
- institutions/companies with which professional relationships are in place for the placement of electronic money or financing/investment products;

The Bank excludes from due diligence obligations any “passive” counterparties, i.e. financial intermediaries (domestic and international) with which it has no business relationships but, at its own initiative, it uses to finalise transactions on behalf of its customers, holders of relationships (securities dossier transfer transactions, securities purchase/sale transactions, etc.). Within this scope, “passive” counterparties assume the role of “service providers” at the initiative of the Bank and not as customers requiring the establishment of a business relationship or execution of an occasional transaction. “Passive” counterparties include, for example, depository banks and companies registered as issuers of securities.

Without prejudice to the need to ensure correct identification of the customer and the beneficial owner before initiating the business relationship or carrying out the transaction, the simplified due diligence measures consist in the option of:

- performing beneficial owner due diligence pursuant to point 2), acquiring a declaration confirming the data, signed by the customer, under its own liability;
- using assumptions for identifying the scope and the nature of the business relationship, where the product offered is intended for a specific use;
- adopting a frequency of 48 months for the purpose of updating the due diligence data collected, without prejudice to the need to arrange due diligence if a new business relationship is opened or

there is an increase in the money laundering risk profile due, for example, to the identification of negative reputational indicators concerning the customer and/or the beneficial owner;

The Bank verifies that the assumptions for application of the simplified procedure remain valid, according to the methods and frequency established according to the risk-based approach.

In particular, the measures for a simplified due diligence do not apply when:

- the conditions for application of the simplified measures, based on the risk indicators envisaged in the Anti-Money Laundering Decree and the Provisions, cease to exist;
- the monitoring activities on overall operations of the customer and the information acquired during the course of the relationship lead to excluding the presence of a low risk situation;
- there is in any event a suspicion of money-laundering or financing of terrorism

5.5 OBLIGATIONS TO ABSTAIN

If the Bank finds it objectively impossible to perform adequate customer due diligence, it must abstain from pursuing the relationship or transactions and, if necessary, must terminate any business relationship already in place and decide whether to submit a suspicious transaction report to the Financial Intelligence Unit (FIU). Before making a Suspicious Transaction Report to the FIU, and in order to exercise any powers of suspension, the Bank will abstain from carrying out transactions that it suspects are associated with money laundering or with terrorist financing.

If it is not possible to abstain as there is a legal obligation to accept the action, or execution of the transaction cannot be postponed due to its nature, or if abstention could hinder the investigations, there is still an obligation to immediately submit a suspicious transaction report.

In any event, the Bank will abstain from initiating any relationships or from carrying out transactions and will end any existing business relationships with:

- Customers who reside or have registered offices in countries and geographic areas assessed as very high risk by the Chief Executive Officer or as proposed by the Anti-Money Laundering Function
- credit or financial institutions situated in a non-EU country that does not impose obligations equivalent to those in EU directives issued on such matters;
- shell banks, wherever they may be located;
- companies that provide services to shell banks;
- unlicensed banks;
- financial institutions recorded under Section 311 of the USA Patriot Act;
- subjects who, directly or indirectly, are part of fiduciaries, trusts, anonymous companies (or controlled through bearer shares) with registered office in high-risk third countries;
- companies that have issued bearer shares or are investees of nominee shareholders;
- *trusts for which adequate information is unavailable, inaccurate or not updated with respect to the beneficial owners of the trust or its nature or scope or which have subjective or objective circumstances*

which may indicate the use of a trust in order to conceal anomalous conduct, also in the light of indications provided by the competent authorities;

- relationships held in the name of trusts where the information available is inadequate, inaccurate or not updated with respect to the beneficial owners;
- payment service providers (agents and/or money transfer companies) who do not carry out financial activities only;
- operators conducting commercial activities consisting in gold-buying transactions, exercised on an exclusive basis or as secondary to their core business, who are not duly registered in the gold buyers register established by the OAM (Agents and Mediator Organisation);[11]
- virtual currency service providers and digital portfolio service providers;
- companies manufacturing weapons or ammunitions;
- gaming service providers not included among the gaming licensees that have formally adopted the procedures and controls referred to in the guidelines issued by the Customs Agency, pursuant to art.52, paragraph 4 of the Anti-Money Laundering Decree;
- legal entities who are direct or indirect investees of one of the above-mentioned parties.

The Bank abstains from offering products/services or carrying out transactions that may facilitate anonymity, or concealment of the identity of the customer or the beneficial owner, as well as from establishing business relationships or remotely carrying out occasional transactions, not assisted by adequate recognition mechanisms and procedures.

5.6 CONTROLS TO COMBAT TERRORIST FINANCING

In order to ensure the correct fulfilment of obligations and prohibitions envisaged in current regulations on anti-terrorism, the Bank:

- checks if the customer and beneficial owner are included in the "lists" of parties and entities designated by the UN Security Council, the European Union, Ministry of Economy and Finance decrees, and the Office of Foreign Asset Control (OFAC) of the US Treasury Department;
- refuses to carry out any transactions that involve parties on the lists described in the previous paragraph (presenters, representatives, ordering parties or beneficiaries);
- does not make cover payments in US dollars;[12]
- applies the restrictions envisaged for relationships with all customers where correspondence with the lists described in the first paragraph is confirmed;
- informs the Financial Intelligence Unit (FIU) of the measures applied in accordance with Legislative Decree 109/2007, indicating the parties involved, the amount and nature of the funds or economic resources, within thirty days of the date of entry into force of EU regulations, decisions of international

[11] In accordance with art. 3 of Legislative Decree 92/2017 "Provisions for the exerciseof gold-buying business in implementation of art. 15, paragraph 2, letter l), Law no. 170 of 12 August 2016"

[12] Cover payments refer to the transfer of funds used when there is no direct relationship between the payment service provider (PSP) of the ordering party and the beneficiary, and a chain of correspondent accounts therefore have to be used through a PSP. Three or more PSPs are involved in a cover payment.

bodies and the European Union, and Ministry of Economy and Finance decrees or, if later, from the date the funds or economic resources were withheld.

In identifying the risks associated with the nature and conduct of the customer and the beneficial owner, personnel must in any event pay specific attention to risk factors which, though not specific to terrorist financing, could indicate a risk of terrorist financing.

5.7 REPORTING SUSPICIOUS TRANSACTIONS TO THE FINANCIAL INTELLIGENCE UNIT (FIU)

Pursuant to current regulations, the Bank immediately sends a suspicious transaction report to the FIU when it knows, suspects or has reasonable grounds to suspect that money laundering or terrorism financing transactions have been carried out or attempted or, in any event, that the funds, regardless of their amount, derive from criminal activities.

The financial advisors of the Sales Network and the employees of the Operating Structures actually responsible for the administration and management of relations with customers represent the first reporting level in accordance with current regulations. Therefore, it is their duty to continuously monitor the progress of the relationship and the transactions carried out, including through the tools and procedures available on the BMedNet Portal, and immediately send a suspicious transaction report to the Anti-Money Laundering Function, in accordance with procedures and operating methods established internally, before executing the transaction. The exclusions are cases in which the transaction must be performed as there is a legal obligation to accept the instruction, or in cases where the transaction cannot be postponed when taking into account normal operations, or when postponement of the transaction may hinder the investigations.

In order to facilitate the identification of suspicious transactions, the Bank will refer in particular to the anomaly indicators issued and periodically updated by the Financial Intelligence Unit (FIU), preparing specific guidelines and plans for training and professional updating for the financial advisors of the Sales Network and employees of the Operating Structures.[13]

The Bank, within the scope of its organisational independence, can also use automatic identification procedures for “anomalous” transactions. The Anti-Money Laundering Function prepares all procedures relating to the reports received and submits them to the Delegate responsible for reporting suspicious transactions, who sends them to the FIU if it is considered necessary based on all elements at his/her disposal and the evidence inferable from the data and information held on record, without including the name of the whistleblower. In compliance with IVASS Measure no. 111 of 13 July 2021, the Delegate adopts specific expedients to ensure that the insurance companies, with which the Bank, as an intermediary enrolled in section D of the Single Register of Intermediaries, has distribution agreements for life insurance products, are sent the reports of Suspicious Transactions carried out by customers common to the companies concerned, also where

[13] Pending publication by the FIU of its anomaly indicators, as envisaged in art. 6, paragraph 4 of the Anti-Money Laundering Decree, the anomaly indicators issued by the Bank of Italy on 24 August 2010 remain valid as reference.

the Bank has already forwarded the report directly to the FIU and even if the report does not pertain to the customer's insurance operations.

The Bank and the companies of the Group adopt suitable measures to ensure confidentiality of the identity of individuals submitting a suspicious transaction report; the name of the whistleblower may only be revealed when the Judicial Authority, issuing a justified decree in this regard, deems it indispensable for the purpose of assessing offences to be prosecuted.

It is also prohibited for parties required to report any suspicious transaction, and anybody who has knowledge of it, to inform the customer concerned or any third party that a report has been issued, that additional information requested by FIU has been submitted or information on the existence or probability of investigations into money laundering or financing of terrorism. This prohibition applies:

- to communications sent to the Supervisory Authorities for the sector during the performance of functions envisaged in the Anti-Money Laundering Decree;
- to communications concerning the sharing of information at the level of banking and financial intermediaries, suitable to ensuring full compliance with the provisions on the prevention of money-laundering and financing of terrorism;
- to communications with other banking and financial intermediaries, external to the Group, operating in a member state or located in third countries, as long as they apply measures equivalent to those envisaged in the Anti-Money Laundering Decree, in cases relating to the same customer or the same transaction, for the sole purpose of preventing money laundering or terrorist financing.

5.8 COMMUNICATION OF INFRINGEMENTS TO THE MINISTRY OF ECONOMY AND FINANCE

The Anti-Money Laundering Function and delegated Operating Structures which, in exercising their functions or activities, learn of infringements of the provisions on limiting the use of cash and bearer securities and the ban on savings accounts that are unnamed or have fictitious names (articles 49 and 50 of the Anti-money Laundering Decree), ensure compliance with communication obligations to the Ministry of Economy and Finance within thirty days.

This communication is required from members of the Board of Statutory Auditors when they find breaches of the above-mentioned provisions in the exercise of their control and supervisory functions.

If the transfer has already been subject to a suspicious transaction report in accordance with article 35 of the Anti-Money Laundering Decree, there is no obligation to inform the Ministry of Economic Affairs and Finance.

5.9 OBJECTIVE COMMUNICATIONS

The Anti-Money Laundering Function Manager is responsible for forwarding objective communications, pursuant to ex article 47 of the Anti-Money Laundering Decree, to the FIU.

The Manager must ensure the correct functioning of the information system for fulfilling the obligations to issue objective communications and represents the FIU contact for all issues related to the transmission of objective communications and any requests for information.

The Anti-Money Laundering Function Manager can authorise other natural persons under their responsibility to input and transmit the objective communications.

5.10 DATA STORAGE OBLIGATION

In order to fulfil storage obligations for data relating to business relationships and transactions carried out, the Bank uses suitable storage systems[14] where the business relationships with customers are registered, together with their related parties and transactions that exceed the materiality thresholds.

For the above purposes, the Bank continues to make voluntary use of the AUI; this decision allows processes and controls already fully consolidated to be maintained, in addition to ensuring the timely availability of information acquired during the due diligence process, both for fulfilling reporting obligations and for any in-depth analysis of individual positions.

The aggregate data recorded is sent to the Financial Intelligence Unit (FIU) every month, which analyses to identify any money laundering or terrorist financing activities.

With regard to fulfilling storage obligations, the Bank will keep:

- the copy or reference of the documents requested for due diligence purposes, for a period of ten years from the end of the business relationship;
- the records and registrations of transactions and business relationships, consisting in the original documents or copies with similar validity as proof in legal proceedings, for ten years from execution of the transaction or termination of the business relationship.

5.10.1 Exemptions regarding data storage

Pursuant to art. 8, paragraph 1 of the "*Provisions for the storage and availability of documents, data and information to combat money laundering and terrorist financing*" issued by the Bank of Italy on 24 March 2020 and in force since 1 January 2021, the Bank opted not to apply the provisions set out in articles 5 and 6, regarding business relationships or transactions executed with:

- banking and financial intermediaries pursuant to art. 3, paragraph 2 of the Anti-Money Laundering Decree, excluding those in letters i), o), s) and v), with registered office in Italy or another Member State;
- banking and financial intermediaries with registered office in a third country with low money laundering risk and in accordance with the criteria indicated in Annex 1 to the provisions on customer due diligence;
- The parties referred to in art. 3, paragraph 8 of the Anti-Money Laundering Decree;
- The provincial treasury of the State or the Bank of Italy.

[14] For correct system maintenance, the Bank uses the outsourcer CEDACRI S.p.A. in accordance with a specific outsourcing agreement.

5.11 STAFF TRAINING

Professional qualification and updating activity for personnel assumes continuity and a systematic nature within the programmes that take into account the development of regulations and procedures.

To this end, the Bank uses permanent training programmes and professional updating courses in order to correctly apply the provisions of the Anti-Money Laundering Decree, recognise transactions related to money laundering or terrorist financing and adopt the correct conduct and procedures.

Particular attention is given to the Sales Network advisors and employees of the Operating Structures who actually administer and manage customer operations.

Specific training programmes are implemented for the staff who works in the Anti-Money Laundering Function.

The qualification and professional updating of staff is carried out on a continuous, systematic basis within the scope of the internal programmes that take account of developments in the rules and procedures.

5.12 INTERNAL SYSTEMS FOR REPORTING INFRINGEMENTS

The Bank adopts specific whistleblowing procedures for internal reporting by employees and collaborators, regarding potential or actual infringements of the provisions governing money-laundering and financing of terrorism.

These procedures guarantee:

- protected confidentiality of the identity of the whistleblower and the alleged perpetrator of the infringements, without prejudice to the rules governing investigations and proceedings initiated by the judicial authority in relation to the subject matter of the reports;
- protection of the whistleblower against retaliatory, discriminatory or in any event unfair conduct following the report;
- development of a specific reporting channel, anonymous and independent, proportionate to the nature and size of the obliged party.

5.13 SELF-ASSESSMENT EXERCISE FOR MONEY LAUNDERING RISK

Pursuant to art. 15 of the Anti-Money Laundering Decree, the Bank conducts an annual self-assessment of money laundering risk, coordinating the exercise carried out by each Group company, and conducts a Group self-assessment exercise.

The self-assessment is performed by assessing the exposure to the risk of involvement in situations of money laundering for each business line considered significant, based on its nature, organisation, operational specifics and complexity, considering the risk factors linked to operations, products and services, types of customers, distribution channels and geographic area, as well as the sector-specific risk factors set out in Title II of the current European Banking Authority Guidelines on customer due diligence and risk factors (EBA/GL/2021/02). As an insurance intermediary enrolled in Section D of the Single Register of Intermediaries

and pursuant to IVASS Measure no. 111 of 13 July 2021, the Bank considers insurance intermediation as a separate line of business, in addition to banking and financial activities.

The self-assessment is conducted based on a methodology that includes the following macro-activities:

- identification of inherent risk;
- Vulnerability analysis;
- determination of residual risk;
- remedial actions identified for any existing critical issues and for the adoption of suitable measures to prevent and mitigate money laundering risk.

The exercise is promptly updated when new significant risks arise or there are significant changes to existing risks, in operations or in the organisational or corporate structure.

The results of the self-assessment exercise and the adjustment measures defined in light of its results and the related degree of progress are illustrated in specific chapters of the Annual Report produced by the Anti-Money Laundering Function.

5.14 SANCTIONING AND REPUTATIONAL RISKS

The obligations described in this Policy, aimed at the correct fulfilment of requirements related to combatting money laundering and terrorist financing, must be strictly complied with, based on the respective areas of responsibility, by all personnel and in particular by those who manage and administer relationships with customers, given the correlation imposed by the Anti-Money Laundering Decree between the extent of money laundering risks and the preventive measures adopted by recipients of the provisions; and this not only during the start of a new relationship or the execution of an occasional transaction, but also for the entire duration of the relationship with the customer.

Note that, pursuant to the provisions of the Anti-Money Laundering Decree:

- where the Bank is held liable, exclusively or concurrently, for serious, repeated, systematic or multiple violations of the provisions regarding customer due diligence, retention and reporting obligations, or in terms of organisation, procedures and internal controls, as well as the related implementing provisions adopted by Supervisory Authorities, an administrative sanction of Euro 30,000 to Euro 5,000,000 or 10% of the total annual turnover is applied, when this percentage is greater than Euro 5,000,000 and the turnover is available and determinable;
- without prejudice to the provisions of the previous point, an administrative sanction from Euro 10,000 to Euro 5,000,000 is applied to parties who perform administration, management and control functions for the Bank who, by not fulfilling all or part of the tasks directly or indirectly related to the function or to the assignment, have enabled, facilitated or in any case made possible the violations referred to in the previous point, or have had a significant impact on the Bank's exposure to the risk of money laundering or terrorism financing. If the benefit achieved by the perpetrator of the violation is greater than Euro 5,000,000, the administrative sanction is increased to twice the amount of the benefit achieved, provided that this amount is determined or determinable.

Lastly, note that, in the event of incorrect application of the obligations envisaged in anti-money laundering regulations, additional risks are related to sanctions applicable to the Bank in terms of the administrative liability of legal entities, pursuant to Legislative Decree 231/2001.

5.15 COORDINATION BETWEEN THE ANTI-MONEY LAUNDERING FUNCTION AND THE OTHER CONTROL FUNCTIONS

The interaction between the Anti-Money Laundering Function and the other Control Functions falls within the more general coordination among all the control functions and bodies, as defined by the Board of Directors in order to ensure correct functioning of the internal control system.

Therefore, reference should be made to the specific document "Guidelines and basic principles for coordination between Control Bodies and Functions", approved by the Board of Directors of the Bank.

This document refers to the basic principles of the Internal Control System and was drawn up as part of the broader process of implementing supervisory provisions on Internal Control Systems, and in order to promote and guarantee proper functioning of the Internal Control System as a whole, through profitable interaction between corporate bodies, their internal committees, independent auditors and the control functions.

The document is defined and organised in accordance with regulatory requirements established by the Bank of Italy and incorporates the current documentation of the Banking Group, rationalising its illustration.

6 REGULATORY REFERENCES

The set of provisions on combatting money laundering and terrorist financing aim to dictate measures to protect the integrity of the economic and financial system and the fairness of conduct of the operators expected to comply.

These measures are proportional to the risk in relation to the type of Customer, business relationship, professional service, product or transaction and their application, taking into account the specific nature of the activities, the size and complexity of the obliged parties expected to comply with obligations under their responsibility.

6.1 FOREIGN REGULATIONS

Below are the main reference regulations adopted at EU and national levels:

Preventing and combatting money laundering and financing of terrorism

European regulations

Within the EU, the main laws on preventing and combatting money laundering and financing of terrorism are currently found in Directive (EU) 2018/843 of the European Parliament and of the Council dated 30 May 2018 (AMLD VI) *which amends Directive (EU) 2015/849 on preventing the use of the financial system for the purpose of money laundering or terrorist financing and amending Directives 2009/138/EC and 2013/36/EU* (AMLD V) and Directive 2015/849/EC of the European Parliament and of the Council dated 20 May 2015 *on preventing*

the use of the financial system for the purpose of money laundering or terrorist financing, amending Regulation (EU) no. 648/2012 of the European Parliament and of the Council and repealing Directive 2005/60/EC of the European Parliament and of the Council, and Commission Directive 2006/70/EC (AMLD IV).

Also note Commission Delegated Regulation (EU) 2020/855 of 7 May 2020, amending Delegated Regulation (EU) 2016/1675, which supplements Directive (EU) 2015/849/EC of the European Parliament and of the Council as regards the list of high-risk third countries.

Lastly, note the EBA Guidelines - *GL/2021/02* - of 1 March 2021, pursuant to art. 17 and art. 18, paragraph 4 of Directive (EU) 2015/849 on customer due diligence measures and on factors which credit and financial institutions should consider when assessing money laundering risk associated with individual business relationships and occasional transactions ("Guidelines on Money Laundering Risk Factors"), which repeal and replace the guidance *JC/2017/37* transposed by the Bank of Italy with Note no. 15 of 4 October 2021.

National regulations

At national level, the main current reference regulations are:

- Anti-Money Laundering Decree and implementing rules issued by the Supervisory Authorities on:
    - organisation, procedures and internal controls;
    - customer due diligence;
    - objective communications;
    - storage and use of data and information for anti-money laundering purposes;
- Legislative Decree no. 109 of 22 June 2007, as amended, on measures for preventing, combatting and suppressing the financing of international terrorism.

The decrees issued by the Ministry of Economy and Finance (MEF) and the models and patterns of anomalous conduct issued by FIU, complete the national reference framework.

Also note the following measures/notes of the Bank of Italy:

- Provisions applicable to organisation, procedures and internal controls to prevent the use of intermediaries for the purpose of money laundering and financing of terrorism - *26 March 2019.*
- Bank of Italy Provisions on customer due diligence - *30 July 2019*.
- Provisions for the storage and availability of documents, data and information to combat money laundering and terrorist financing – *24 March*2020;
- Note no. 15 of 4 October 2021, with which the Bank of Italy fully implemented the Guidelines of the European Banking Authority on customer due diligence and risk factors (EBA/GL/2021/02), consequently updating the Bank of Italy Provisions on customer due diligence issued on 30 July 2019.

Lastly, note IVASS Measure no. 111 of 13 July 2021 on anti-money laundering obligations for insurance companies and insurance intermediaries operating in the life business.

Embargo management

European regulations

The main European regulations are as follows:

- Council Regulation 2580/2001/EC of 27 December 2001 which establishes the obligation for freezing capital and prohibiting the provision of financial services to certain natural persons, legal entities, groups or bodies which commit or attempt to commit acts of terrorism and to legal entities, groups or bodies under their control;
- Council Regulation 881/2002/EC of 27 May 2002 imposing certain specific restrictive measures directed against certain persons and entities (listed in the annex to the Regulation) associated with Usama bin Laden, the Al-Qaida network and the Taliban;
- Council Regulation (EU) no. 753/2011 of 1 August 2011 concerning restrictive measures directed against certain individuals, groups, undertakings and entities in view of the situation in Afghanistan, and the decisions taken by the "Sanctions Committee" and the "Committee 1267" of the United Nations Security Council;[15]
- Regulation (EU) 821/2021, which repeals Regulation 428/2009/EC, setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items (recast);
- Regulations (EU), Directives, Decisions and/or Resolutions in force, regarding restrictive measures against countries and/or persons.

National regulations

The main Italian regulations are as follows:

- Law no. 185/1990, as amended by Legislative Decree. no. 105/2012 and issued in implementation of Directive 2009/43/EC, containing "New regulations on the control of exports, imports and transit of weapons materials". This law still forms the basis of regulations for the transfer of goods classified as "weapons materials";
- Legislative Decree no. 221/2017, as amended, which has reorganised and simplified the regulations applied to authorisation procedures for the export of products and technologies with dual use and sanctions in trade embargoes, as well as any types of transaction involving the export of proliferating materials. This decree includes the provisions previously contained in Legislative Decree no. 11/2007, Legislative Decree no. 64/2009 and Legislative Decree no. 96/2003, which have been repealed. The decree (articles 18 to 21) provides for the application of criminal and administrative sanctions to those exporting dual-use goods in violation of the regulations.

[15] The "Sanctions Committee" was established by the United Nations Security Council (UNSC) pursuant to point 30 of the 1988 (2011) UNSC Resolution, whereas the "Committee 1267" was established by the UNSC pursuant to resolutions 1267 (1999) and 1333 (2000) of the United Nations Security Council.

As regards secondary laws, special reference should be made to the Provision issued by the Bank of Italy on 27 May 2009, with operating instructions for exercising enhanced controls against the financing of programmes for the proliferation of weapons of mass destruction.

6.2 INTERNAL REGULATIONS

This Policy is part of the broader context of internal regulations which, in particular, include:

- the Code of Ethics;
- the Organisational Model pursuant to Legislative Decree 231/2001 which specifies the preventive control mechanisms and subsequent controls adopted to identify the conduct required in relation to money laundering risk, and to implement timely actions if any anomalies are found;
- the Guidelines and basic principles for Group coordination between Control Bodies and Functions
- the internal Whistleblowing Policy;
- the Policy for the appointment, removal and replacement of Managers of the Corporate Control Functions;
- the Regulation on the process for managing Politically Exposed Persons;
- the Anti-Money Laundering Function Regulations that illustrate the main guidelines, organisational architecture, processes and instruments adopted by the Anti-Money Laundering Function to carry out its duties;
- the Regulations on the due diligence process describing the due diligence process stages, including enhanced due diligence and simplified due diligence, the logic underlying assignment of the risk profile and due diligence on an ongoing basis;
- the Regulations on the process for reporting suspicious transactions that describe the internal process stages required before reporting suspicious transactions;
- the Regulations on the storage of documents, data and information, Anti-Money Laundering Reports (S.Ar.A.) and second level AML controls, that describe the process stages relating to tracking the second level anti-money laundering controls, including those relating to storage and recording, identifying any actions to mitigate the risks detected;
- the Regulations on the process for opening of a new bank account online;
- the Counterparties Management Operating Procedure;
- the Operating Procedure for Master Data Management for Parties other than Individuals;
- the internal operating manuals of the Anti-Money Laundering Function and the Operating Structures, which describe in detail the operating processes and elements that form the basis of the money laundering risk control models.

This regulatory, operating and procedural corpus aims not only to comply with mandatory legal provisions, but also to avoid the Bank's involvement, even unwittingly, in money laundering and terrorism events.