Abstract of the Anti-Money Laundering, Counter-Terrorist Financing, and International Sanction Policy (AML/CTF/IS Policy) of Banca Generali Banking Group

CONTENTS

1. FOREWORD

Money-laundering and terrorist financing, also due to their potential transnational dimension, constitute a serious threat for the legal economy and can cause destabilising effects, above all for the banking and financial system.

The shifting nature of the threats of money-laundering and terrorist financing, also facilitated by the constant evolution of the technology and resources available to criminals, necessitates constant adaptation of preventive and repressive measures.

The recommendations of the Financial Action Task Force (FATF) — the main international coordinating body in this area — call for public authorities and the private sector to identify and assess the risks of money-laundering and terrorist financing to which they are exposed, in order to adopt adequate mitigation measures.

Preventing and combating money-laundering implies the introduction of safeguards aimed at ensuring full knowledge of the client, the traceability of financial transactions and the identification of suspicious transactions.

The intensity of the preventive and suppressive measures must be adapted according to a risk-based approach, focused on circumstances deserving the greatest attention and implemented by increasing the efficacy of monitoring activity and the efficiency of resource allocation. This approach is key to the behaviour of the obliged entities and for the Authority's supervisory action.

In any event, responsibility for effective risk prevention cannot lie solely with the control functions. Such activity must firstly be performed where the risk is generated, and in particular at the level of the operating units.

The set of provisions on countering money-laundering and terrorist financing is designed to establish measures that protect the integrity of the economic and financial system and correct behaviour on the part of operators required to comply with them. These measures are proportionate to the risk based on the type of client, relationship, professional service, product or transaction, and their application takes account of the specific nature of the activity, size and complexity of the obliged entities who fulfil the obligations incumbent upon them.

The main objective of this Policy is to define:

- the governance rules, roles and responsibilities with regard to money-laundering, terrorist financing and international sanction risks to be adopted within the Group, in compliance with the limits allowed by national legislation with reference to Companies based in a non-EU Country and without prejudice to the application of the more restrictive limits imposed by national legislation;
- the Group’s guidelines for combating money-laundering, terrorist financing, and international sanction risks.

The principles outlined in this Policy are implemented in the detailed internal documentation (e.g., anti-money laundering manual, circulars, operating procedures, etc.) that further specifies the duties and the operating and control activities crucial to ensuring compliance with the principles and regulations falling in its scope of application.

This document defines the strategic guidelines that all the Companies of Banca Generali Banking Group are required to comply with when preparing their internal regulations for countering money-laundering and terrorist financing, and regarding international sanctions.

1.1 Regulatory Framework

At the EU level, the main relevant legislation on preventing and combating money-laundering and terrorist financing are the AML Regulation (EU) 2024/1624 of 31 May 2024 (applicable as of 10 July 2027), Directive (EU) 2024/1640 (AMLD 6) of 31 May 2024 (currently being endorsed by national legislators), Directive (EU) 2015/849 and Directive (EU) 2018/843 amending the previous legislation (called “AMLD 4” and “AMLD 5”, respectively). Provisions of the Commission Delegated Regulation (EU) 2019/758 of 31 January 2019 supplementing Directive (EU) 2015/849 with regard to the type of additional measures credit and financial institutions must take to mitigate money laundering and terrorist financing risk in certain third countries are also relevant, as are the “guidelines” published from time to time by the European Banking Authority (EBA) and the EU Regulations on restrictive measures imposed on certain parties aimed at governing import/export/transit of some goods and services from/to some countries (so-called commercial and/or financial embargo).

At national level, the main reference legislation includes:

- Legislative Decree No. 109 of 22 June 2007, as further amended and extended, on measures aimed at preventing, combating and repressing international terrorist financing;
- Legislative Decree No. 231 of 21 November 2007, as further amended and extended, on the implementation of the above-mentioned Directives;
- TUB – Legislative Decree No. 385 of 1 September 1993, as further amended (Consolidated Law on Banking);
- Supervisory Provisions – Bank of Italy Circular No. 285 of 17 December 2013 “*Supervisory Provisions for Banks*”, as further amended;
- Implementing provisions of the Anti-Money Laundering Decree published from time to time by the Supervisory Authorities of the banking sector (Bank of Italy and IVASS with regard to the intermediation of insurance products);
- Consob Resolution No. 18731, Implementing provisions on client due diligence by Financial Advisors authorised to off-premise offers, pursuant to Article 7, paragraph 2, of Legislative Decree No. 231 of 21 November 2007, as further amended.

The Italian national framework also includes the decrees of the Minister of Economy and Finance, supervisory communications, anomaly indicators and the anomalous behaviour patterns issued by the FIU (Financial Intelligence Unit).

2. ANTI-MONEY LAUNDERING, COUNTER-TERRORIST FINANCING, AND INTERNATIONAL SANCTION POLICY (AML/CTF/IS POLICY) OF BANCA GENERALI BANKING GROUP

Banca Generali and the companies of the Banking Group are strongly committed to preventing the products and services that they offer from being used for criminal purposes relating to money-laundering and terrorist financing. To this end, they promote an internal culture of strict compliance with applicable provisions, effective fulfilment of "passive" cooperation obligations aimed at ensuring thorough knowledge of clients and retention of transaction documents, and "active" collaboration in identifying and reporting suspicious money-laundering transactions.

In order to fully comply with the provisions issued pursuant to Article 7 of Legislative Decree No. 231/07 by the Bank of Italy concerning organisation, procedures and internal controls aimed at preventing the use of intermediaries and other parties that engage in financial activity for the purposes of money-laundering and terrorist financing, while also implementing effective risk governance, the Banking Group adopts adequate organisational safeguards, the structure of which is adapted to the specific nature of the various components of the Group and the risk inherent in the activities performed.

The AML/CTF/IS Policy, approved by the Board of Directors, is applied at Group level and is constantly updated. The Policy is part of the Bank's overall internal control system aimed at ensuring compliance with applicable legislation and is the foundational document for the Banking Group's entire system of anti-money laundering, counter-terrorist, and international sanction safeguards, drafted in accordance with strategic and operational guidelines (GIRS Policy & Guidelines) approved by Assicurazioni Generali as "ultimate Italian parent company" pursuant to IVASS Regulation No. 44/2019 and IVASS Order No. 111/2021 on insurance intermediation.
The AML/CTF/IS Policy clearly defines the organisational structure implemented to counter the risk of money-laundering and terrorist financing, the responsibility of the first line of defence (Financial Advisors and employees of the organisational units responsible for the actual administration and management of customer relationships), as well as of the second (AFC Function) and third (Internal Audit) lines of defence.
The Policy also clearly defines the rules for reporting to the Board of Directors and to all shareholders, as well as among control functions.

Banca Generali's CEO is the member of the Board of Directors tasked with implementing the laws, regulations and administrative rules required to comply with the Directive 2015/849/EU (Anti Money Laundering Directive – AMLD).
Banca Generali’s Chief Anti Financial Crime Officer, who also serves as the Chief Anti Financial Crime Officer and the International Sanctions Compliance Officer of the Banking Group in accordance with the provisions of the EBA, reports to the Bank’s CEO and the Group Chief Anti Financial Crime Officer of Assicurazioni Generali.
The principles outlined in this Policy are implemented in the detailed internal documentation (e.g., anti-money laundering manual, circulars, operating procedures, etc.) that further specifies the duties and the operating and control activities crucial to ensuring compliance with the principles and regulations for safeguarding against the money-laundering and terrorist financing risk.

On an annual basis, Banca Generali Group performs a self-assessment of the AML/CTF risks, both at individual and Group level, in accordance with the instructions of the Bank of Italy and/or of local supervisory authorities, also adopting the data sharing system of Assicurazioni Generali for the global exchange of information on high-risk clients and relationships.
The Bank of Italy is the major supervisory authority as regards AML/CTF controls.

3. SCOPE OF AML/IS CONTROLS

The Bank adopts a risk-based approach to manage its customer relationships and its control activity is based on the following pillars: client due diligence and risk profiling, relationship and transaction recording, transaction and client monitoring, identification and reporting of suspicious transactions to the FIU (Financial Intelligence Unit).

The pillars of the Group's strategy are:

- a risk-based approach;
- client due diligence and identification and verification of UBOs (Ultimate Beneficial Owners) and other relevant parties;
- identification of PEPs/sanctions (UN, OFAC, EU lists)/lists of offences;
- client profiling for AML purposes (four risk categories are identified: "low", "medium", "medium-high", "high") and exchange of information at Group level;
- enhanced due diligence (EDD) for high-risk clients and transactions, definition of prohibited relationships and escalation processes for relationships and transactions subject to restrictions;
- record-keeping of relationships and transactions (at least 10 years);
- payment controls (on an ex-ante and ongoing basis);
- transaction monitoring to identify suspicious activities;
- reporting of suspicious transactions to the local FIU;
- internal reporting to the Supervisory Board and to Assicurazioni Generali;
- AML/CTF/IS training for all staff members, employees and Financial Advisors;
- support from Banca Generali's AFC Function to Local AFC Officers to ensure the adoption of the strategic guidelines defined by the Parent Company and develop a coordinated AML approach;
- on-site and remote inspections at subsidiaries most exposed to AML risk;
- reporting to all internal and Group stakeholders.

3.1 Focus on enhanced due diligence (EDD)

The Bank applies *ex lege* enhanced due diligence measures in the event of:

- clients, or persons whose beneficial owners/legal representatives, fall within the definition of Politically Exposed Persons (so-called PEPs);
- cross-border correspondent relationships involving the execution of payments with a credit institution or correspondent financial institution in a non-EU Country;
- ongoing relationships and transactions involving high-risk third Countries, as defined by the EU Commission.

For the purpose of applying enhanced client due diligence obligations, the Bank examines the context and purpose of transactions of an unusually large amount or in respect of which there are doubts as to the specific purpose thereof and, in any event, reinforces the degree and nature of the checks to determine whether the said transactions are suspicious.

In the cases reported below, the Bank also applies enhanced due diligence measures both at the

start of and during the business relationship[1], as described in the Policy:

- clients on the checklists provided by specialist companies[2], for whom simple possession of the same name has been excluded and a crime is found that is significant for anti-money laundering purposes;
- trust customers;
- clients which are trust companies other than GENERFID;
- clients which are foundations;
- clients classified as "high risk" according to the outcome of the client profiling system adopted[3];
- clients resident or based in geographical areas at risk, in addition to high-risk third Countries, indicated by the Bank in the relevant internal regulations on the basis of the guidance issued from time to time by Assicurazioni Generali Group or by other relevant national and international bodies for countering money laundering and terrorist financing (e.g. FATF/GAFI, UN, OFAC, FIU).

In addition to the above cases, the Bank applies an enhanced control process in the case of prospect clients for whom the establishment of business relationships is subject to a specific advance assessment. In particular, after having heard the opinion of the AFC Function, authorisation is required from Senior Management before entering into or continuing an ongoing relationship or undertaking an occasional transaction with a) clients, or entities whose beneficial owners/legal representatives fall within the definition of Politically Exposed Persons (PEPs) and b) clients residing or based in high-risk third Countries.

In addition, an annual enhanced due diligence is required for clients who have a "medium-high" risk profile and AUM equal to or above 1,000,000 euros (High Net Worth) during the business relationship, through completion of the Single Questionnaire by the relationship manager. The Bank asks all Clients, as part of the due diligence (KYC), information on total wealth, annual income, the amount of the expected transfers and the sources of income, assets and funds they intend to transfer.

In addition, as part of the enhanced due diligence of all "high risk" clients, it requests information on the source of wealth (SOW) and the source of funds (SOF) that are involved in the business relationship with the Bank and, on the basis of the processes defined by the legislation of reference, the Bank asks documented information from the client or, where possible, through the consultation of reliable and independent public sources, on the information provided by the client concerning the origin of the funds/assets.

The AFC Function may also request documentation in case of doubt as to the origin of the funds or in relation to the transactions requested by the Client or detected and, in any case, where the risk is assessed as particularly high.

3.2 Reporting of suspicious transactions

The Bank and the Banking Group's Italian Companies send a suspicious transaction report to the FIU without delay when they know, suspect or have reasonable grounds to suspect that money laundering or terrorist financing operations are underway or have been carried out or attempted or that the funds, regardless of their size, come from criminal activity.

[1] During the relationship, clients holding placement and advisory contracts and at least one other asset management relationship are considered to fall within the scope of application.

[2] This also includes cases where the name on the lists is a policy beneficiary.

[3] Also taking into account any evidence from the information base shared with Assicurazioni Generali (Group Data Sharing).

The suspicion is inferred from the characteristics, amount and nature of the transactions, their connection or division or any other known circumstance, due to the functions performed, also taking into account the economic capacity and the activity carried out by the person to whom it refers, on the basis of information acquired during the due diligence process.

The frequent and unjustified use of cash transactions, and in particular the withdrawal or payment in cash inconsistent with the client's risk profile, is a matter for suspicion.

The AFC Function examines all the paperwork concerning the reports received and forwards it to the Suspicious Activity Reporting Officer who, if s/he considers this to be well-founded in the light of all the information at disposal and the evidence that can be deduced from the data and information conserved, forwards it to the FIU, without the name of the reporting person. The Suspicious Activity Reporting Officer — taking account of the suspicious elements detected and the level of risk assigned to the reporting — may also propose the termination of the relationship to the party tasked with assessment, based on the Bank's internal processes.

4. WOLFSBERG QUESTIONNAIRE

For a detailed description of entities and related assets, products and services, AML/CTF policies and sanctions, bribery and corruption, KYC/CDD and EDD, risk assessment, monitoring and reporting, payments and transparency, training and education, quality assurance and auditing, reference should be made to the "Wolfsberg Group Correspondent Banking Due Diligence Questionnaire" published on the website together with this abstract.