

# **BANCA GENERALI S.P.A.**

DESCRIPTION OF THE ORGANISATIONAL AND MANAGEMENT  
MODEL

*Pursuant to Article 6, paragraph 1(a), of Legislative  
Decree 231 of 8 June 2001, as subsequently amended*



May 2021

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- Annex 1 – Offences specified in Legislative Decree 231/2001
- Annex 2 – Summary checklist of sensitive activities
- Annex 3 – Senior Executives - Recipients of the Model

## **GENERAL SECTION**

## DEFINITIONS

For the intents and purposes hereof, the following words, terms and expressions shall be construed in accordance with the following definitions:

"Legislative Decree 231/01"	means the Legislative Decree 231 of 8 June 2001, as further amended and extended
"Bank" or "Company"	Banca Generali S.p.A.
"Group"	means BANCA GENERALI S.p.A. and its subsidiaries within the meaning of Article 2359, paragraphs 1 and 2, of the Italian Civil Code.
"Generali Group"	means Assicurazioni Generali S.p.A. and its subsidiaries within the meaning of Article 2359, paragraphs 1 and 2, of the Italian Civil Code.
"Organisational and Management Model", "OGM" or "Model"	means all the rules set forth in the sources listed in Article 2 of the "Special Section"
"Recipients"	means any and all persons vested with powers of corporate representation and/or managerial and administrative responsibilities within the legal entity or one of its financially and functionally independent organisational units, persons who, albeit only <i>de facto</i> , exercise management and control over the same ("Senior Executives"), and any and all persons subjected to management or supervision by one of more Senior Executives ("Subordinates");
"Senior Executives"	means any and all persons who are vested with powers of corporate representation and/or managerial and administrative responsibilities within the legal entity or one of its financially and functionally independent organisational units, and/or who, albeit only <i>de facto</i> , exercise management and control over the same, that is the members of the Corporate Boards, the top management (Chief Executive Officer/General Manager and the Deputy General Managers).
"Subordinates"	means any and all persons subjected to management or supervision by members of top management, that is all other personnel (this term refers to employees, employees under fixed-term contract, employees of Generali Group companies on secondment to the Bank and interns) and financial advisors authorised to make

off-premises offers (hereinafter "Financial Advisors").

The term also includes, to the extent of relationships currently in place, any external person who, by virtue of contractual relationships, collaborates in the Bank's activities, namely self-employed persons or quasi-employees, professionals, consultants, suppliers and business partners.

## 1. FOREWORD

The concept of vicarious corporate liability was first introduced into the Italian legal system by Legislative Decree 231/01, under which a legal entity may be held liable for certain specific criminal offences committed by Senior Executives or Subordinates in the interest or for the benefit of the said legal entity.

Legal entities that fail to comply with the aforesaid statutory legal framework may attract sanctions, including forced liquidation and permanent disqualification from engagement in business.

Vicarious corporate liability does not apply, however, in the case where the legal entity is able to show that, before the criminal offence was committed, management had effectively implemented an appropriate organisational and management model designed to prevent offences of the type in question.

This *Description of the Organisational and Management Model*, drawn up by Banca Generali S.p.A. (hereinafter the "Bank") in light of the guidelines issued by the trade association of reference (the Italian Banking Association – ABI), is made up of:

- a **General Section**, which outlines the Bank's organisational profile, business ethics and principles of corporate governance, and provides an overview of the processes leading to the drafting of the Organisational and Management Model, as well as related implementing principles and operating procedures;
- a **Special Section** focusing on:
  - the rules for compliance with Legislative Decree 231/01 regulating various fields of activity, drawn up primarily, albeit not solely, to prevent the commission of the offences specified in the said decree;
  - the disciplinary framework designed to ensure enforcement through the imposition of disciplinary measures on employees, directors, members of the Board of Statutory Auditors, and other Recipients;
- the **Annexes** listing the main sources on the basis of which the rules set forth in the Organisational and Management Model were drafted or extracted.

All Recipients, without exception, are required to carefully read and strictly comply with the principles set forth herein.

The General Section of this document is published on the Bank's website [www.bancageneraliprivate.it](http://www.bancageneraliprivate.it) and the Banking Group website [www.bancagenerali.com](http://www.bancagenerali.com) for consultation by all outside entities and individuals that interact with the Bank on an ongoing and structured basis.



## 2. THE REGULATORY FRAMEWORK OF LEGISLATIVE DECREE 231/01

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2.1. INTRODUCTION - 2.2. OFFENCES - 2.3. SANCTIONS - 2.4. STRUCTURAL CHANGES IN THE LEGAL ENTITY - 2.5. ORGANISATIONAL AND MANAGEMENT MODELS - 2.6. INDUSTRY-SPECIFIC GUIDELINES

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### 2.1 INTRODUCTION

Legislative Decree 231/01, promulgated pursuant to legislative powers delegated to the government by parliament through Article 11 of Law 300 of 29 September 2000<sup>1</sup>, aims at bringing the Italian legal framework governing corporate liability in line with the provisions of certain international treaties ratified by Italy.

More specifically, Legislative Decree 231/01 introduced into the Italian legal framework a form of corporate liability, incurred vicariously by legal entities, such as corporations, associations and consortia, for certain criminal offences, expressly specified in the decree itself, committed or attempted by Senior Executives or Subordinates (collectively, the "Recipients"), in the interest or for the benefit of the legal entity. However, no liability whatsoever may be deemed to attach to the legal entity in the case where the offence is committed in the sole interest of the perpetrators themselves or third parties (Article 5, paragraph 2, of Legislative Decree 231/01).

On the other hand, a legal entity may be held liable under Legislative Decree 231/01 in Italy for offences committed overseas by any of its Senior Executives or Subordinates in its interest or for its benefit, provided that:

- the legal entity maintains its main seat of business within Italy;
- criminal proceedings may be brought against the perpetrator of the offence before the Italian courts;
- no proceedings are brought against the legal entity in the country in which the offence was committed<sup>2</sup>.

Vicarious corporate liability attaches to legal entities regardless of the criminal liability of the individual, who committed the related criminal offence.

It applies even if: a) the perpetrator of the offence is unknown or cannot be charged; b) criminal proceedings may no longer be brought for reasons other than an amnesty.

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<sup>1</sup> Legislative Decree 231/01 was published in the *Italian Official Journal*, issue 140 of 19 June 2001, and Law 300/2000 in the ordinary supplement to the *Italian Official Journal*, issue 250 of 25 October 2000.

<sup>2</sup> Article 4 of Legislative Decree 231/2001: "1. In the cases and subject to the conditions set forth in Articles 7, 8, 9 and 10 of the Italian Penal Code, legal entities maintaining their main seat of business within the territory of the State shall be held liable even for offences committed overseas, provided that the State in which the offence was committed fails to bring proceedings against them. 2. In the case of offences punishable at the request of the Minister of Justice, proceedings may be brought against the legal entity, only if the said request is also made in respect of the latter."

## 2.2 OFFENCES

As a general rule, legal entities may incur vicarious corporate liability for the criminal offences expressly specified in Legislative Decree 231/01.

These offences, analysed in greater detail in Annex 1 hereto, may be classified into the following categories:

- offences against the Public Administration (hereinafter also referred to as "PA", in short);
- cybercrime and unlawful data processing;
- organised crime;
- money and securities counterfeiting offences;
- offences in breach of industry and trade;
- corporate offences;
- terrorist offences and subversion of the democratic order;
- offences against the person;
- market abuse offences;
- offences committed in breach of occupational health and safety regulations;
- receiving, laundering, and/or using unlawfully obtained monies or other property and/or benefits, as well as self-laundering;
- copyright infringement;
- inducement to withhold evidence to bear false witness before judicial authorities;
- environmental offences;
- employment of illegal aliens;
- fraud in sporting competitions, unlawful exercise of gaming, gambling or betting through prohibited devices;
- tax offences;
- smuggling.

Pursuant to Law 146 of 16 March 2006, in addition to the above, legal entities may also incur vicarious corporate liability for offences such as criminal conspiracy, organised crime conspiracy, conspiracy to engage in the smuggling of foreign processed tobacco products or the unlawful trafficking of psychotropic or narcotic substances, as well as transnational offences related to illegal immigration, obstruction of justice, aiding and abetting. Under the same law, an offence is transnational in nature if it is punishable by imprisonment of up to no less than four years, involves an organised criminal group, and moreover, is committed:

- a) in more than one State; or
- b) in one State but a substantial part of its preparation, planning, direction or control takes place in another State; or
- c) in one State but involves an organised criminal group that engages in criminal activities in more than one State; or
- d) in one State but has substantial effects in another State.

## **2.3 SANCTIONS**

Pursuant to Legislative Decree 231/01, the sanctions imposable on legal entities held vicariously liable in respect of the commission or attempted commission of one or more of the offences mentioned in section 2.2 above, may be pecuniary and interdictive in nature. If the product or proceeds of the offence are particularly significant, the fine may be assessed at ten times the value such profit or proceeds.

Interdictive measures may also be imposed on a pre-trial basis and consist in:

- disqualification from engagement in business;
- suspension or revocation of the authorisations, licences or concessions used or relied upon in the commission of the offence;
- ineligibility to negotiate with the Public Administration;
- ineligibility for facilitated loans, funding, contribution or subsidies and possible revocation of those already granted;
- disqualification from advertising goods or services.

The said sanctions apply to offences for which they are expressly provided for by Legislative Decree 231/01.

The judgment of conviction always entails the confiscation of the proceeds or profit generated through the offence. The imposition of interdictive measures may be accompanied by a publication order.

## **2.4 STRUCTURAL CHANGES IN THE LEGAL ENTITY**

Legislative Decree 231/01 also regulates the pecuniary liability of legal entities for fines imposed pursuant to the Decree following structural changes, such as the transformation, merger, de-merger or disposal, of all or part of the legal entity in question. More specifically, "transformed" legal entities continue to remain vicariously liable for offences committed or attempted in their interest or for their benefit prior to the date on which the transformation took effect. Should the legal entity be merged, in whole or in part, into another, the resulting entity shall be deemed to have incurred all the vicarious corporate liability attaching to any and all the merged and merging entities involved in the transaction. As a general rule, in the case where the legal entity is subjected to partial de-merger, the de-merged entity shall be deemed to incur the vicarious corporate liability arising from offences committed or attempted prior to the date on which the said de-merger took effect. The legal entities benefiting from the de-merger shall be held jointly and severally liable for the payment of any and all fines imposed on the de-merged entity, up to the fair value of the equity transferred under the transaction.

Joint and several liability also applies in the case where the legal entity is transferred, disposed of or assigned by way of capital contribution. As a result, the transferee shall be held jointly and severally liable with the transferor for any and all fines imposed on the transferred legal entity pursuant to vicarious corporate liability, up to the full amount of the transferred value and the fines recorded in the transferred entity's mandatory accounting books and registers, and that is to say, fines related to offences of which the transferee was or should have been aware, although collection may only be sought from the transferee after all reasonable efforts at enforcing the fines against the transferor have proven unfruitful.

## 2.5 ORGANISATIONAL AND MANAGEMENT MODELS

Legislative Decree 231/01 also affords legal entities a series of absolute defences they may raise to avoid vicarious corporate liability. For instance, pursuant to Article 6 of the said Decree, a legal entity may avoid vicarious corporate liability for an offence committed or attempted by a Senior Executive, by establishing that:

- before the criminal offence was committed or attempted, management had effectively implemented an appropriate organisational and management model designed to prevent offences of the type in question;
- compliance and functional oversight, as well as updating and improvement tasks in respect of the model, had been entrusted to an in-house body specifically appointed and vested with independent powers of initiative, inspection and control (hereinafter the "Supervisory Board") for such purpose before the offence was committed or attempted;
- the offence was committed or attempted through the fraudulent circumvention of the organisational and management model;
- the Supervisory Board was not derelict in its oversight duties by commission or omission.

Therefore, a legal entity is presumed at law to be vicariously liable for offences committed or attempted by Senior Executives given that the latter are the very embodiment of the legal entity's policies and intentions. Against such presumption, however, the legal entity may show, by way of absolute defence, that it fully satisfies the four conditions set forth in Article 6 of Legislative Decree 231/01.

In such case, the legal entity must be deemed exempt from any and all vicarious corporate liability pursuant to Legislative Decree 231/01, regardless of the criminal liability of the Senior Executive(s) who committed or attempted the related offence(s).

With regard to vicarious corporate liability, therefore, in application of a presumption at law based on the criminal law principle for determining direct and specific intent, Legislative Decree 231/01 discriminates in favour of organisational and management models insofar as they are shown to be appropriately designed to effectively prevent the offences specified in the Decree, and properly implemented by management.

Pursuant to Article 7 of Legislative Decree 231/01, legal entities may likewise incur vicarious corporate liability for offences committed or attempted by Subordinates, in the case where the said attempted or committed offences were made possible by reason of the legal entity's failure to properly discharge its managerial and supervisory obligations, although non-compliance with the said obligations is expressly precluded in the case where the legal entity is able to show that it had adopted and effectively implemented, before the criminal offence was committed or attempted, an organisational and management model appropriately designed to prevent the type of offence(-s) in question. Accordingly, pursuant to Article 7 of Legislative Decree 231/01, by showing that it had adopted and effectively implemented a sound organisational and management model before the offence was committed or attempted, the legal entity benefits from a presumption in its favour, entailing an inversion of the burden of proof requiring the prosecution to show that the said organisational and management model was unsound, not adopted or improperly implemented.

## 2.6 INDUSTRY-SPECIFIC GUIDELINES

Pursuant to Legislative Decree 231/01, organisational and management models may be based on codes of conduct drawn up by sector-specific trade associations and submitted to the Ministry of Justice, which reserves the right to issue, within 30 days following receipt thereof, comments formulated in concert with the other relevant Ministries, in respect of the appropriateness of the models designed to prevent the offences in question, with a view to ensuring full compliance with the requirements set forth in Article 6, paragraph 2, of Legislative Decree 231/01.

The aforesaid statutory provision is primarily aimed at encouraging members of industry-specific trade associations to fully comply with the principles set forth in Legislative Decree 231/01, and at stimulating the development of recommended models and codes that could serve as a reference point for industry operators faced with the need to draw up and adopt such a model for the first time.

In such regard, with a view to providing the industry with guidance on compliance with Legislative Decree 231/01, the Italian Banking Association (ABI) has issued "Guidelines for the adoption of organisational models on the vicarious corporate liability of banks".

In light of the regulatory framework described above, ABI determined that in order to be deemed effective in preventing the offences contemplated in Legislative Decree 231/01, banking sector's organisational models must entail, include and require, at the very least:

- the mapping of all activities and areas at risk to the commission of offences;
- the drafting of rules of conduct, operating procedures, codes of ethics, and the like, regulating policy-making and implementation in respect of minimising the risks associated with financial resources management and exposure to vicarious corporate liability;
- the setting up of an internal control body to monitor the extent to which the legal entity's organisational and management model is implemented and complied with, updating and revising the latter, where necessary;
- the introduction of reporting obligations towards the internal control body;
- the setting up of a disciplinary system for the enforcement of the organisational model and applicable rules of conduct;
- widespread dissemination of the organisational model throughout the Bank;
- staff training in respect of vicarious corporate liability and the various aspects of the Bank's organisational model.

### 3. METHODS USED FOR MAPPING SENSITIVE ACTIVITIES

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3.1. METHODS – 3.1.1. *Mapping of “Sensitive” Activities* –  
3.2. SUMMARY CHECKLISTS- 3.2.1. *Layout*

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#### 3.1 METHODS

Pursuant to Article 6, paragraph 2(a), of Legislative Decree 231/01, a valid organisational model must contain the mapping of the so-called “sensitive areas” or areas “at risk”, that is to say, the corporate processes and activities most at risk to the commission of one of the offences expressly specified in Legislative Decree 231/01.

Accordingly, all the corporate functions/units in which one or more of the offences specified in Legislative Decree 231/01 could possibly be committed or attempted were mapped with a view to pinpointing the phases and processes most at risk.

At the same time, the constituent elements of the offences in question were analysed in depth, so as to identify concrete instances of conduct that could lead to the commission of offences for which the Bank could incur vicarious corporate liability.

In order to map all of the Bank’s sensitive areas and activities in a specific and effective way, its corporate and organisational structure was analysed.

#### *3.1.1 Mapping of “Sensitive” Activities*

Mapping carried out in light of all the offences entailing vicarious corporate liability and outlined in section 2.2 above revealed several “sensitive” areas and activities at risk to the commission of the said offences.

With regard to *offences against the Public Administration*, activities that require the management of a direct relationship with Public Administration entities, those in which the Bank operates as provider of a public service and business processes that may lead to the creation of hidden reserves and/or benefits that may be used for bribery purposes are considered as activities at risk.

Legislative Decree 75 of 14 July 2020, “Implementation of Directive (EU) 2017/1371 on the fight against fraud to the Union’s financial interests by means of criminal law” extended the scope of offences against the Public Administration relevant for the purposes of the vicarious corporate liability, where committed to the detriment of the European Union and in the event of fraud in public supplies.

Specifically, the following sensitive activities have been mapped with respect to offences against the Public Administration:

1. Management of relationships with officers of Regulatory Authorities;
2. Management of funded training projects;
3. Management of judicial and out-of-court proceedings and settlement agreements;
4. Management of the permit-application procedures and the discharge of formalities in respect of the Public Administration;

5. Management of purchases of goods and services, and professional appointments;
6. Management of public entities' assets held under administration, management and through insurance products;
7. Management of activities carried out by the Bank as agent bank or authorised bank of a Public Body (e.g., tax collection, tax management as withholding agent, payment of pensions ...);
8. Staff selection and recruiting;
9. Management of gifts, entertainment expenses, charity projects and sponsorships;
10. Management of expense reimbursements;
11. Bookkeeping, drawing up of financial statements, reports, notices and disclosures in general.

The following activities, which are not, however, currently carried out by the Bank, are also theoretically classified as sensitive activities with respect to offences against the Public Administration:

12. Management of facilitated loans;
13. Management of agreements with Public Bodies offering banking, investment, insurance products and services and soft loans to employees of Public Bodies;
14. Participation in public tender procedures for the award of contracts from Public Bodies.

Moreover, it should be noted that litigation management activities could entail risks of the commission of the offence of *inducement to withhold evidence to bear false witness before judicial authorities*.

With regard to vicarious corporate liability for *cybercrime*, introduced pursuant to Law 48 of 18 March 2008, "sensitive" activities include the management and use of IT systems.

In respect of the above, it must be borne in mind that the Bank's IT system is structured taking due account of the complexity of business operations and the applicable regulatory framework.

As a result, the application and facility management of the Bank's legacy IT system has been fully outsourced to a third-party service provider, whilst a Generali Group company is in charge of facility management involving the supply of new hardware, connectivity services and standard software, as well as related application management.

It must also be pointed out that access to IT networks could also increase the risk of **copyright infringement**.

Potentially "sensitive" activities at risk to commission of *corporate offences* in terms of company law compliance include:

1. Bookkeeping, drawing up of financial statements, reports, notices and disclosures in general;

2. Liaising with the independent auditor, the Board of Statutory Auditors and other corporate bodies, and the drawing up and archiving of any and all deeds and documents subject to inspection and oversight by the latter;
3. Preliminary works for shareholders' meetings;
4. Management of equity investments, capital and extraordinary corporate transactions.

Additional risks in the area of corporate offences also arise from unlawful conduct consisting in "obstructing Public Supervisory Authorities' operation" and "bribery between private individuals" in relation to the following activities:

5. Management of relationships with Supervisory Authorities;
6. Management of judicial and out-of-court proceedings and settlement agreements;
7. Management of purchases of goods and services, and professional appointments;
8. Staff selection and recruiting;
9. Management of gifts, entertainment expenses, charity projects and sponsorships;
10. Management of expense reimbursements.

The following activities are also "sensitive" with respect to the risk of committing a "Market manipulation" offence:

11. Transactions in financial instruments;
12. Public disclosures.

Law 257 of 19 December 2019, converting into law, with amendments, Decree-Law 124 of 26 October 2019, setting out urgent tax provisions and meeting non-deferrable needs, entered into effect on 25 December 2019.

The Law in question introduced the new Article 25-*quinquiesdecies* of Legislative Decree 231/2001, which extends the catalogue of predicate offences giving rise to vicarious corporate liability to the following **tax offences**:

- fraudulent return using invoices or other documents for non-existent transactions (Article 2 of Legislative Decree 74/2000);
- fraudulent return by other means (Article 3 of Legislative Decree 74/2000);
- issue of invoices of other documents for non-existent transactions (Article 8 of Legislative Decree 74/2000);
- concealment or destruction of accounting documents (Article 10 of Legislative Decree 74/2000);
- fraudulent failure to pay taxes (Article 11 of Legislative Decree 74/2000).

In addition, 30 July 2020 marked the entry into force of Legislative Decree 75 of 14 July 2020, "Implementation of Directive (EU) 2017/1371 on the fight against fraud to the Union's financial interests by means of criminal law", which adds paragraph 1-*bis* to Article 25-*quinquiesdecies* of Legislative Decree 231/2001 governing the following additional tax offences, relevant where committed within the framework of fraudulent cross-border systems and to evade value-added tax in a total amount of no less than ten million euros:

- inaccurate tax return (Article 4 of Legislative Decree 74/2000);
- failure to file a tax return (Article 5 of Legislative Decree 74/2000);
- improper offsetting (Article 10-*quater* of Legislative Decree 74/2000).

The activities "potentially" sensitive to such offences are those relating to:



1. Bookkeeping, drawing up of financial statements, reports, notices and disclosures in general;
2. Management of purchases of goods and services, and professional appointments;
3. Management of gifts, entertainment expenses, charity projects and sponsorships;
4. Management of expense reimbursements.

With regard to the ***receiving, laundering and/or using unlawfully obtained monies or other property and/or benefits, as well as self-laundering***, the recipient of the Model may be held liable for such offences, and the Bank may therefore also incur administrative liability pursuant to Legislative Decree 231/01 in two cases: a) within the framework of the provision of banking and investment services, in the event of failure to comply with the requirements established by anti-money laundering legislation, despite being aware of the unlawful origin of the property involved in the transactions; b) within the framework of additional management activity, in the event of obstruction to identifying the unlawful origin of the proceeds of the commission of an offence.

With regard to the first of these two risk profiles, the Bank has adopted all the measures required under current anti-money laundering regulations, through the implementation of internal procedures for carrying out adequate checks on customers, monitoring money-laundering risks, updating the Central Database, reporting violations of restrictions on transactions involving bearer securities or payments in cash, as well as any and all suspect transactions, and verifying that no counterparty is blacklisted by the Italian Financial Action Task Force on Money Laundering, the Bank of Italy's Financial Intelligence Unit (formerly the Italian Exchange Office) or other competent authorities. In operating terms, these second-tier activities are monitored by the Anti-Money Laundering Function established in accordance with the Supervisory Provisions of the Bank of Italy.

With regard to the second risk profile, the Bank has adopted suitable safeguards in application of both the general principles of control laid down in the Model and applicable sector legislation (including, in particular, Law 262/2005 "Provisions for the protection of savings and the regulation of financial markets").

In light of the above, the "sensitive" areas most at risk to the commission of the aforesaid offences include:

1. Compliance with Anti-Money Laundering regulations in the provision of banking and investment services and the disbursement of loans to customers;
2. Management of valuables;
3. Transactions in financial instruments;
4. Management of equity investments, capital and extraordinary corporate transactions;
5. Management of gifts, entertainment expenses, charity projects and sponsorships;
6. Management of purchases of goods and services, and professional appointments;
7. Bookkeeping, drawing up of financial statements, reports, notices and disclosures in general.

With regard to ***terrorism offences and the subversion of the democratic order, organised crime and offences against the person, as well as offences in breach of industry and trade, fraud in sporting competitions, unlawful exercise of gaming, gambling or betting through prohibited devices and***

**smuggling** it is clear that the banking and financial sectors are particularly at risk of affording customers belonging or linked to criminal organisations access to services, funds and credit that may be used to pursue nefarious goals.

In the banking sector, accordingly, the risk of the commission of the aforementioned offences arises primarily in the course of establishing relationships and liaising with customers, transferring funds and effecting “front-office” operations, with the result that in order to prevent the commission of the offences in question, all the aforesaid activities must be undertaken on the basis of the fundamental principle of adequate knowledge of each customer. This principle constitutes one of the basic requirements imposed under Legislative Decree 231/2007 with a view to preventing the use of the financial system for laundering the proceeds of crime or financing terrorism.

The activities mentioned above also present a high risk of the commission of money-laundering offences. As a result, the same principles of oversight and rules of conduct imposed to prevent the receiving, laundering, and/or using unlawfully obtained monies or other property and/or benefits must also be considered effective for containing the risk of committing the other crimes and offences described above.

Potentially “sensitive” areas in respect of **money and securities counterfeiting offences** pertain to transactions effected at the Bank’s counters, and the launching of securities on the market.

Without prejudice to the exemptions provided for in Legislative Decree 231/01, pursuant to Article 9 of Law 62 of 18 April 2005 (Community Law 2004) legal entities may be held liable for offences (whether subject to criminal or administrative sanction) entailing market manipulation or the abuse of insider information targeted by Italy’s Finance Law (Articles 184 and 185) committed by Senior Executives or Subordinates (Article 25-*sexies* of Legislative Decree 231/01).

Securities trading, placements and press relations were found to be the areas most at risk to the commission of **market abuse offences**. Although intermediaries are statutorily bound (pursuant to Article 187-*novies* of the Italy’s Finance Law – TUF) merely to report customer orders for transactions that could potentially entail abuse of inside information or the commission of market manipulation offences depending on the actual procedures followed by the Bank in respect of any such transaction, the Bank may also, in theory, be deemed involved in the customer’s wrongdoing. In compliance with industry-specific regulations, the Bank has set up internal organisational mechanisms for the processing of inside information and pinpoint transactions that could potentially entail abuse of inside information and market abuse.

Law 123 of 3 August 2007 extended the scope of vicarious corporate liability within the meaning of Legislative Decree 231/01 to include **offences committed in breach of workplace accident-prevention and occupational health and safety regulations** (Article 25-*septies*). The complex and multi-faceted regulatory framework in force at the time was subsequently overhauled, however, through the so-called Consolidation Law on Occupational Health and Safety (Legislative Decree 81 of 9 April 2008, as amended by Legislative Decree 106 of 3 August 2009) which also entailed repercussions in terms of vicarious corporate liability since, under Article 300 it amended Article 25-*septies* of Legislative Decree 231/01 albeit leaving essentially unaltered the criminal offences giving rise to such liability, whilst under Article 30, it further specified the features that must characterise the Organisational, Management and Control Model in order to effectively prevent the offences in question. Potentially “sensitive” activities during which the aforesaid offences could be committed include the mapping, preparation, maintenance and periodic inspection of occupational safety in accordance with statutory requirements, and liaising with regulatory and oversight

authorities in such regard, even during on-site inspections.

On 30 January 2020, the World Health Organization ("WHO") declared the coronavirus epidemic in China a Public Health Emergency of International Concern and on 11 March 2020 the WHO's Director-General classified the spread of Covid-19 as an epidemic no longer confined to certain geographical areas, but rather a global pandemic.

Following the identification of outbreaks in the Lombardy and Veneto Regions, the Italian government issued the Decree of the President of the Council of Ministers of 23 February 2020 implementing the provisions of Decree-Law 6/2020 for the municipalities of the aforesaid regions affected by the coronavirus contagion containment measures.

Following the gradual spread of the disease to the rest of Italy, as of March 2020 the Italian government expanded the measures for containing and managing the Covid-19 epidemiological emergency to the entire national territory, while also extending their duration until the enactment of new containment measures in "phase two" introduced by Decree of the President of the Council of Ministers of 26 April 2020.

Since the issue of the first Decree of the President of the Council of Ministers, Banca Generali adopted procedures to manage the biological risk-based health emergencies, including Covid-19.

These procedures have been cited in the Organisational and Management Model as an integral part thereof.

Law 99 of 23 July 2009 laying down "Provisions for the development and internationalisation of corporations, as well as on energy" rendered legal entities vicariously liable for certain *copyright infringement offences* (Law 633/1941) in a bid to combat, even more forcefully, the piracy of copyrighted works and curtail the heavy losses consequently occasioned to copyright holders and the various industries concerned. With reference to the Bank's operations, the risk of the commission of the said offences seems most acute during the procurement or use of products, software, databases and other intellectual property in the course of the Bank's routine business.

Under Article 25-*undecies* of Legislative Decree 231/2001, legal entities may be held vicariously liable for *environmental offences*, punishable under the Italian Penal Code, Legislative Decree 152/2006 (Code of the Environment) and various special criminal law provisions, either pursuant to the establishment of specific intent, or otherwise, as strict liability offences for which no *mens rea* be shown apart from mere negligence.

With reference to the Bank's operations, the risk of the commission of the said offences seems most acute during activities involving the approval of loans and credit lines in favour of customers who may subsequently use the related funds to commit environmental offences.

At the same time, environmental offences may also be directly committed during the Bank's operations, especially, in the course of activities entailing waste production and disposal including via sewage and drainage, and/or risk dispersing pollutants into the atmosphere or ground. On this point, in line with the Internal Code of Conduct of the Bank that places environmental protection amongst its core values, as well as the Generali Group's policies, the Bank has adopted a specific Policy for the Environment and Climate.

Article 1 of Legislative Decree 109 of 16 July 2012 pertaining to the "Implementation of Directive 2009/52/EC providing for minimum standards on sanctions and measures against employers of illegally staying third-country individuals" renders legal entities vicariously liable for the offence of the *employment of illegal aliens*, punishable

under Article 22, paragraph 12-*bis*, of Legislative Decree 286 of 25 July 1998 also known as the "Consolidation Law on Immigration".

In such regard, all Bank personnel involved in staff selection and recruitment are bound to comply with the rules of conduct imposed under this document with a view to preventing and fighting this sort of crime.

In light of their nature and cross-border structure, as described in section 2.2 above, the Bank was found not to be significantly exposed to the commission of the ***transnational offences*** entailing vicarious corporate liability, especially since adequate protection against any and all residual risks in respect of the same is afforded through the precautions already in force within Banca Generali, with specific regard to regulations targeting money laundering and terrorist financing.

The following table provides a more detailed description of sensitive activities with respect to the offences envisaged in this Model.

SENSITIVE ACTIVITY	AREA AT RISK OF OFFENCE	DESCRIPTION
Management of relationships with the Supervisory Authorities	Offences against the Public Administration Corporate offences	These include the following types of activities concerning the management of relations with the Supervisory Authorities: - Processing/transmission of occasional or periodic reports to the Supervisory Authorities; - Requests of/applications for authorisations and/or approvals; - Evidence and fulfilments relating to requests/demands from the Supervisory Authorities; - Managing relations with the Supervisory Authorities' officers during inspections.
Management of funded training	Offences against the Public Administration	These are activities aimed at obtaining loans, grants or subsidies from Public Bodies in support of training initiatives (e.g., Banking and Insurance Fund).
Management of judicial and out-of-court proceedings and settlement agreements	Offences against the Public Administration Corporate offences Inducement to withhold evidence to bear false witness before judicial authorities	These are activities related to the management of judicial and out-of-court proceedings (pertaining to administrative, civil, criminal, tax and labour law, etc.) in coordination with external appointed professionals, if any.
Management of purchases of goods and services, and professional appointments	Offences against the Public Administration Corporate offences Receiving, laundering, and/or using unlawfully obtained monies or other property and/or benefits, as well as self-laundering Terrorist offences and subversion of the democratic order Tax offences	These are activities involving budget definition and management, procurement and suppliers' management. The process also concerns the purchase of consulting services or intellectual property.
	Offences against the person Offences involving the employment of illegal aliens Smuggling	

Management of activities relating to the request of authorisations or the fulfilment of obligations towards public administration entities	Offences against the Public Administration	These are management activities concerning authorisation requests to public entities or the fulfilment of obligations in general towards public administration entities, including for example: - Managing relations with social security and welfare institutions and the timely and correct fulfilment of labour and social security requirements prescribed by law — INPS (Italian social security institution), INAIL (Italian institution for insurance accidents at work), INPDAP (Italian national insurance institute for fulfilment of the Public Administration), Provincial Department of Labour, Occupational Medicine, Italian Revenue Service, local public authorities, etc.; - Managing relations with the Chambers of Commerce in the discharge of activities concerning the Register of Companies; - Managing relations with the Ministry of Economy and Finance, tax agencies and local public authorities for the fulfilment of tax related obligations; - etc.
Management of public entities' assets held under administration, management and through insurance products	Offences against the Public Administration	These are off-premises offers (or activities carried out at the headquarters), with institutional clients belonging to the Public Administration, ranging from the management of pre-contractual relations with the Public Administration in view of signing contracts to hold assets under administration, management or through insurance products up to the signing of the contract with the Public Body (providing all disclosures needed for the subsequent operating stage of the contract) and the subsequent administrative management of the banking, financial and insurance products and services sold and the related disclosure and reporting requirements set forth by law.
Management of activities carried out by the Bank as agent bank or authorised bank of a Public Body: tax collection, tax management as withholding agent, payment of pensions	Offences against the Public Administration	These are monetary, foreign exchange, financial or tax activities managed by banks on behalf of public financial entities (as agent bank or authorised bank of a public entity) in which, according to case-law, the bank operator plays the role of person appointed to perform a public service.
Staff selection and recruiting	Offences against the Public Administration Corporate Offences Offences against the person Offences involving the employment of illegal aliens	These activities consist in the selection and hiring of personnel.
Management of gifts, entertainment expenses, charity projects and sponsorships	Offences against the Public Administration Corporate offences Tax offences Receiving, laundering, and/or using unlawfully obtained monies or other property and/or benefits, as well as self-laundering Terrorist offences and subversion of the democratic order Organised crime Offences against the person Smuggling	These are management activities concerning goods to be offered, as a business courtesy, to third parties, such as, for example, customers, suppliers, public administration entities, public institutions or other organisations.
Management of expense reimbursements	Offences against the Public Administration	These are management activities concerning business trips and the reimbursement of expenses incurred by staff.
	Tax offences Corporate offences	
Management of facilitated loans	Offences against the Public Administration	These activities concern the provision of public subsidies to companies and/or individuals using regional, national and EU funds. These activities are not included in the Bank's current operations.

Management of agreements with Public Bodies offering banking, investment, insurance products and services and soft loans to employees of Public Bodies	Offences against the Public Administration	These are management activities concerning agreements entered into with Public Bodies after awarding of a tender, intended to define and apply rates and conditions to the agreed products and to manage business relations with the counterparty. These activities are not included in the Bank's current operations.
Participation in public tender procedures for the award of contracts from public entities	Offences against the Public Administration Offences in breach of industry and trade	These are activities carried out in preparation of participation in public tenders for the award of service contracts. These activities are not included in the Bank's current operations.
Bookkeeping, drawing up financial statements, reports and disclosures in general	Corporate offences Tax offences Offences against the Public Administration	These are activities involving the preparation and management of financial disclosures; among them, the activities specifically performed to draft the financial statements, the consolidated financial statements, the interim financial reports and the inputs to the reporting package for the Group consolidated financial statements, the determination of the tax burden and the fulfilment of direct and indirect taxation requirements are especially relevant.
Liaising with the Board of Statutory Auditors, the Independent Auditors and other corporate bodies, and the drawing up and archiving of any and all deeds and documents subject to inspection and oversight by the latter	Corporate offences	These activities involve managing relations with the Board of Statutory Auditors and the Independent Auditors during audits and controls carried out in compliance with legal requirements.
Preliminary works for shareholders' meetings	Corporate offences	These are activities concerning the management of shareholders' meetings.
Management of equity investments, capital and extraordinary corporate transactions	Corporate offences Receiving, laundering, and/or using unlawfully obtained monies or other property and/or benefits, as well as self-laundering	These are activities related to: - The purchase, management and disposal of equity investments in other companies; - Raising and managing the share capital (capital increases and reductions, profit distributions, refunds of capital contributions, subscriptions of shares of the parent); - Management of extraordinary corporate transactions (e.g., mergers).
Transactions in financial instruments (as issuing bank, investor, dealer and manager)	Corporate offences Market abuse Receiving, laundering, and/or using unlawfully obtained monies or other property and/or benefits, as well as self-laundering	These are trading activities undertaken by the Bank on its own account and on behalf of clients, namely: - Management of proprietary securities portfolio; - Execution of orders on behalf of clients or receiving and transmitting orders; - Own-account trading as direct counterparty with customers; - Portfolio management.
Public disclosures	Corporate offences Market abuse	These are activities related to the handling of inside information, in accordance with applicable laws and regulations, and the management of the Bank's communications to the market and the public in general — this term meaning any dissemination of information, data or news as part of business relations, marketing or promotional activities, relations with the media, as well as price sensitive mandatory disclosures.
Compliance with Anti-Money Laundering regulations in the provision of banking and investment services and the disbursement of loans to customers	Receiving, laundering, and/or using unlawfully obtained monies or other property and/or benefits, as well as self-laundering Terrorist offences and subversion of the democratic order	These are all the activities that involve the provision of banking and investment services to customers and the management of related "anti-money laundering" requirements, namely: - The establishment and management of ongoing relationships with customers; - The approval and disbursement of loans; - The transfer of funds; - Counter transactions; - Off-premises offers through the Financial Advisor Network.

	<p>Organised crime</p> <p>Offences against the person</p> <p>Offences in breach of industry and trade</p> <p>Fraud in sporting competitions, unlawful exercise of gaming, gambling or betting through prohibited devices</p> <p>Environmental offences</p> <p>Smuggling</p>	
Cash and securities handling	<p>Money and securities counterfeiting offences</p> <p>Receiving, laundering, and/or using unlawfully obtained monies or other property and/or benefits, as well as self-laundering</p>	<p>These activities involve cash, coins and securities handling and recirculation (counter transactions, ATM management, delivery of securities to the branches and deposits to the Bank of Italy, external counting), check of said instruments, and obligations resulting from the identification of suspected counterfeit banknotes (withdrawal of banknotes, drafting of the report, submission of the report and the banknotes to the relevant authorities and filing of documents).</p>
Management and use of information systems	<p>Cybercrime and unlawful data processing</p> <p>Copyright infringement</p>	<p>These activities are related to IT security management:</p> <ul style="list-style-type: none"> <li>- IT risk analysis;</li> <li>- Defining IT security requirements;</li> <li>- Managing accesses to IT resources and IT security services;</li> <li>- Managing regulatory matters and IT security architecture;</li> <li>- Monitoring of IT security events;</li> <li>- Design and implementation of information security solutions;</li> <li>- Managing physical security of IT systems and equipment at headquarters and local offices;</li> <li>- Managing IT fraud prevention procedures;</li> <li>- Definition of corporate policy on the improper use of corporate assets;</li> <li>- Managing the procurement of IT (software and hardware) equipment used in bank activities.</li> </ul>
Management of obligations related to health and safety at work	<p>Offences relating to safety at work</p>	<p>These obligations concern any type of activity aimed at developing and ensuring a prevention and protection system against the risks in the workplace (including biological risk), in compliance with the provisions of Legislative Decree 81/2008.</p>
Environmental risk management	<p>Environmental offences</p>	<p>This is the management of activities that may have an environmental impact, such as management of real estate resources, waste management and procurement management.</p>

### 3.2 SUMMARY CHECKLISTS

A summary checklist has been drawn up for each “sensitive” activity, providing a brief description of the checks to be carried out during the course of the said activity which were designed to ensure effective compliance with specific control requirements imposed under Legislative Decree 231/01 and represent but a part of the “standards” comprising the Bank’s overall Internal Control System.

Checks may be classified as “general” or “specific”, with the latter designed especially to prevent the commission of the offences falling within the scope of Legislative Decree 231/01.

#### 3.2.1 Layout

The Summary Checklists feature the following layout:

### *Introduction*

Title:	is the name of the sensitive activity
Sensitive areas:	identifies the areas concerned by the offence
Description:	is the description of the sensitive activity
Note on contents:	contains examples of conducts that may involve the commission of the offence
Operating units involved:	lists of the operating units involved, in the broadest sense of the term, in the operating process or in monitoring the sensitive activity
Other entities:	defines any and all outside bodies involved in the operating processes in question
Processes:	specifies the business processes impacted by the performance of sensitive activities
Procedures:	lists applicable organisational procedures
Internal regulations:	specifies the applicable internal regulatory sources (regulations, codes, policies, circulars, operating workflows, etc.)

### *Description of Checks*

a) General checks:	breakdown of responsibilities; breakdown of processes into individual tasks; system of delegated powers, and powers of signature and authorisation; traceability;
b) Specific checks:	types vary in function of the specific sensitive activity in question, and may include, for example: preventive checks, monitoring obligations, specific training, reporting obligations in respect of certain transactions, provisions requiring prior authorisations for departures from internal procedures, as well as information flows/reporting



## **4. THE CONTENTS OF THE ORGANISATIONAL AND MANAGEMENT MODEL**

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4.1 THE CONTENTS OF THE ORGANISATIONAL AND MANAGEMENT MODEL – 4.2 RECIPIENTS OF THE MODEL - 4.3 THE LAW – 4.4 ARTICLES OF ASSOCIATION – 4.5 THE INTERNAL CODE OF CONDUCT– 4.6 RULES ISSUED IN LIGHT OF LEGISLATIVE DECREE 231/01 AND RELATED IMPLEMENTING PROCEDURES – 4.7 INTERNAL REGULATIONS – 4.8 THE CORPORATE GOVERNANCE SYSTEM - 4.9 THE INTERNAL CONTROL SYSTEM- 4.10 THE ORGANISATIONAL STRUCTURE AND THE SYSTEM OF DELEGATED POWERS

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### **4.1 THE CONTENTS OF THE ORGANISATIONAL AND MANAGEMENT MODEL**

In conformity with its long-standing commitment to establishing and implementing a corporate governance system that complies with high standards of ethics and, at the same time, guarantees effective business management, has adopted by Board Resolution an organisational and management model pursuant to Legislative Decree 231/01 (hereinafter the "Model").

More specifically, as required pursuant to Article 6, paragraph 2, of Legislative Decree 231/01, the Bank's Model, entails, includes and requires:

- the mapping of activities at risk to the commission of the offences in question;
- the implementation of rules and regulations governing risk-containment policy-making and implementation (with reference to the offences to be prevented);
- the definition of financial resources management procedures designed to preclude the commission of offences;
- mandatory reports to the Supervisory Board regarding the implementation of and compliance with the Model;
- the introduction of an appropriate disciplinary framework providing for sanctions to be applied in the case of non-compliance with the requirements imposed under the Model.

As a result, the general principles underlying the Bank's Model are based on the codes of conduct drawn up by the most representative trade associations, especially the ABI Guidelines.

The Model described in this document and attached Annexes is made up of a structured set of principles, rules, provisions and organisational layouts pertaining to the management and control of business activities and providing for, *inter alia*, the setting up and diligent implementation of a control system of sensitive activities, designed to prevent the commission or attempted commission of the offences specified in Legislative Decree 231/01.

### **4.2 RECIPIENTS OF THE MODEL**

The Model and the provisions therein contained or to which reference is made must be complied with by the members of the corporate bodies, the staff of Banca Generali (managers, executives, employees, including employees under fixed-term contracts, employees of the Generali Group companies on secondment to the company, interns),

Financial Advisors and, in particular, those who perform sensitive activities.

In undertaking their assigned tasks and duties, all above-mentioned recipients shall comply with:

- any and all Italian or foreign statutory and regulatory provisions applicable to the Bank;
- the provisions of the Articles of Association;
- the Internal Code of Conduct and all other internal regulations adopted by the Company;
- general rules imposed to ensure exemption from vicarious corporate liability pursuant to Legislative Decree 231/01;
- any and all Board resolutions;
- any and all resolutions passed by Board Committees;
- any and all internal provisions issued by their relevant operating units and hierarchical superiors.

All the provisions introduced based on the deeds and documents listed above are to be deemed to form an integral part of the Model.

In addition, in order to ensure an efficient and effective prevention of the offences, third parties (meaning professionals, consultants, suppliers, business partners, self-employed or quasi-employees, etc.) who, by reason of contractual relations collaborate with the Bank, are required — by the inclusion of a contractual clause — to undertake to comply with the provisions of Legislative Decree 231/01 when carrying out their activities, and with the rules of conduct adopted by the Company for the prevention of offences (including the "Regulations issued for the purposes of Legislative Decree 231/01 set out in the Special Section of this document").

### **4.3 THE LAW**

All associated undertakings are bound to comply with all applicable Italian and foreign, national, regional or local statutory and regulatory provisions whether imposed under constitutionally entrenched principles or deriving from other primary or secondary sources of law. In this broad sense, the law cannot be considered, strictly speaking, as part of the Model as it falls beyond the latter.

That said, in line with its long-standing commitment, confirmed and pursued through, *inter alia*, the Internal Code of Conduct, to ensuring the fullest respect for the law at all organisational levels, the Bank has evinced the need to expressly impose a binding contractual obligation to strictly comply with the entirety of the applicable legal framework, by explicitly providing for the latter to be included in the Model by specific reference.

In such regard, it is worth reminding that since ignorance of the law is no excuse for non-compliance, all Recipients are duty-bound to familiarise themselves and strictly comply with the law, both in the broadest sense of the term, and with specific reference to their tasks, duties and responsibilities within the Bank. Any and all doubts and questions regarding the scope or interpretation of statutory or regulatory provisions must be addressed to the specific corporate structures concerned

### **4.4 ARTICLES OF ASSOCIATION**

The Articles of Association form the underlying basis of the Bank's corporate governance system.

The Articles of Association have been widely disseminated throughout the Bank, including through publication on the latter's website.

The principles of corporate governance entrenched in the Articles of Association and derived from other subordinate sources are described in the Bank's Internal Rules.

Internal Rules provide an overview of the corporate functions and structures. Procedures are in force to ensure that all employees are given full and timely notice of any and all related organisational changes.

#### **4.5 THE INTERNAL CODE OF CONDUCT**

The Internal Code of Conduct sets out the rules of conduct with which the members of the administrative and control bodies, employees, Financial Advisors and other personnel working with Banca Generali have to comply when dealing with colleagues, customers, competitors, suppliers and other stakeholders of the Group. Accordingly, the Internal Code of Conduct is deemed an integral part of this Model.

The Internal Code of Conduct contains explicit rules and principles relating to:

- corporate social responsibility;
- promotion of diversity and inclusion;
- safety and health in the workplace;
- protection of company assets;
- fair competition and antitrust;
- fight against corruption and bribery;
- combating money laundering and terrorist financing;
- transparency and proper conduct towards the supervisory and tax authorities;
- compliance with tax legislation.

#### **4.6 RULES ISSUED IN LIGHT OF LEGISLATIVE DECREE 231/01 AND RELATED IMPLEMENTING PROCEDURES**

According to the methods described in the previous section, all corporate processes were mapped to identify areas at risk to the commission of one or more of the offences specified in Legislative Decree 231/01, as well as to pinpoint the owners of the related processes.

Moreover, the potential "areas at risk", the related operating procedures, administrative formalities and oversight checks already applicable were identified through specific assessment procedures (in-depth interviews with the owners and use of questionnaires).

The existing rules and procedures were assessed and, where necessary, new provisions were introduced, as required to afford the Bank the prevention or greatest possible reduction of the risk of commission of offences, through process monitoring and tracing systems, and the breakdown of responsibilities.

In detail, in order to, *inter alia*, prevent the commission of the offences contemplated in Legislative Decree 231/01, the Bank has issued a series of general and special provisions, set forth in the Special Section herein, which focuses on the various categories of the offences contemplated in Legislative Decree 231/01.

In drafting such provisions, the Bank was inspired by the ABI Guidelines for the banking industry.

The provisions also take due account of the existing procedures and control systems, already implemented within the Bank in compliance with regulations issued by the Bank of Italy and found, in light of rigorous process analysis, to effectively prevent the commission or attempted commission of offences giving rise to vicarious corporate liability, and/or provide for the efficient monitoring and oversight of processes in "sensitive" areas.

The aforesaid procedures and systems were found to effectively prevent a large number of the offences in question, provided they were not fraudulently circumvented.

More specifically, the regulation requiring all Recipients to report any and all their contacts with the Public Administration and to document all related processes, allow for decision-making to be traced at all levels of authority, thereby ensuring the transparency of the resulting transactions, whilst also providing for the adequate oversight of Recipients, with a view to effectively deterring the latter from even attempting to engage in the bribery or corruption of public officials.

In accordance with the principle of the separation of roles and responsibilities, decision-making and implementation tasks, bookkeeping duties, and the oversight of compliance with statutory controls and the procedures imposed under the internal control system must necessarily be entrusted to separate and distinct, unrelated persons, parties and/or functions.

To prevent unlawful gifts in cash, no payments may be made by way of remuneration, commissions or fees to consultants, collaborators, Financial Advisors or public officials, save to the extent deemed appropriate in light of the services rendered to the Bank and the terms of the related agreement, on the basis of the principle of reasonableness, taking due account of prevailing market conditions, business practices and/or rates. The Company's payment procedures are also designed to prevent the bribery and corruption of public officials, especially through restrictions on cash payments and the imposition of strict accounting requirements.

Unlawful gifts in kind are targeted by a completely different set of rules and oversight procedures, under which:

- gifts, commensurate with the beneficiary's position and the services rendered, may only be given in the cases contemplated under relevant corporate policies;
- all Recipients are required to follow specific regulations aimed at preventing the generation of undue benefits through the application of better than arm's-length terms either at the time of the conclusion of the related contractual agreement, or thereafter, during the course of performance.

Accounting, reporting and control obligations have been found to be equally effective in preventing the embezzlement of State or community funds.

The reporting obligations towards Italian and community public authorities and third parties in general, imposed under provisions targeting offences against the Public Administration, with specific reference to cheating for gaining undue access to public funding, are likewise also effective in preventing corporate offences committed or attempted through false reporting or untruthful filings.

Risks related to IT fraud were found to be effectively contained under the specific procedures implemented, including with the collaboration of the Bank's IT hardware and service suppliers. The security measures implemented by the said suppliers are subject to periodic revision by the Bank.

As confirmed by ABI, the Bank, by the very nature of its core business, is at risk to incurring vicarious corporate liability for money and securities counterfeiting offences. As a result, Banca Generali's internal control system was analysed in respect of the related risk areas to pinpoint and improve, where necessary, mechanisms for the proceduralisation of decision-making, with a view to preventing the mismanagement of the Bank's funds by ensuring that all the various phases of the decision-making process are fully traceable, verifiable and duly documented.

In light of analyses carried out on areas at risk of the abuse of inside information and market manipulation, existing procedures were found to be effective in preventing the said offences.

In any event, the powers vested in the Supervisory Board to effectively implement the Model and monitor compliance with the latter, including through random checks of corporate processes and related documentation, provide for adequate oversight of all activities potentially at risk to the commission or attempted commission of offences for which the Bank could incur vicarious corporate liability.

The rules aimed at preventing the commission or attempted commission of corporate offences were drawn up on the basis of an analysis of the roles played by:

- the organisational structure and the system of delegated powers;
- the management control system;
- the compliance and internal audit function, as well as the independent auditors;
- internal regulations;
- the fact that the Bank operates in a regulated sector.

More generally, due account was also taken of the internal control system made up of the processes implemented by the relevant corporate bodies and operating units, with a view to ensuring, with reasonable certainty: a) the effectiveness and efficiency of activities; b) the reliability of data and information, both for third parties and for internal use; c) compliance with statutory and regulatory requirements and internal procedures.

While the Bank's exposure to vicarious corporate liability arising from offences committed in breach of workplace accident-prevention and occupational health and safety regulations is not significant, all due measures preventing negative events have been fully implemented.

To prevent the commission or attempted commission of money laundering and terrorist financing offences, the Bank's internal regulatory framework — which includes remote checks by centralised structures and the automatic flagging of anomalous transactions effected by customers, as part of an assessment process involving various corporate positions and functions, independent from each other — requires all Recipients to report potentially suspect transactions, as well as any and all breaches of anti-money laundering regulations governing cash transfers and transactions in bearer securities.

Upon assessment and analysis, the internal regulatory framework described above was found to be effective in containing (i.e., reducing to acceptable levels) the Bank's exposure to vicarious corporate liability pursuant to Legislative Decree 231/01.

In particular, under the existing framework, the Bank's operations are specifically regulated by:

- statutory provisions, with specific reference to the Italian Civil Code, Italy's Consolidated Law on Finance, Consolidated Law on Banking, as well as the rules and regulations issued by the Bank of Italy;
- the Bank's principles of Corporate Governance;
- the Internal Code of Conduct;
- the Internal Control System and the management control system;
- rules pertaining to the Bank's administrative, accounting and financial system;
- internal regulations.

As a result, the regulatory framework made up of the checks and requirements set forth in the above sources — which, albeit not fully transcribed herein, are, nevertheless, part and parcel of the broader organisational and control system described herein — has been found to be effective in preventing the commission or attempted commission of a large number of offences attracting vicarious corporate liability, and is structured in such manner as to be circumventable only by recourse to fraud (Article 6 of Legislative Decree 231/01).

Compliance with the internal regulatory framework by all Recipients is further reinforced through oversight by the Supervisory Board set up within the Bank's structure for the specific purpose of monitoring the extent to which the Model is properly implemented and respected, especially by controlling and supervising the conduct of all the Company's personnel.

Lastly, all Recipients are required to familiarise themselves and comply not only with the rules set forth in the Special Section of this document, but also with the provisions contained in all the regulatory sources on which the Model is based.

## 4.7 INTERNAL REGULATIONS

The Bank has adopted an internal set of rules, which are constantly updated to ensure compliance with applicable laws, the procedures for carrying out operational processes and any findings resulting from checks.

Banca Generali internal regulations, as per resolution of the Board of Directors, consist of the following sources:

- **Articles of Association**, whose amendments are defined and approved by the Shareholders' Meeting;
- **Regulations**, designed to describe the Company's organisation and the responsibilities of the individual functions reflecting the organisational structure in force from time to time (Internal Regulations), or aimed at regulating in detail the duties, responsibilities and any operational limits of the organisational units and, more generally, the principles established by the Bank in the relevant areas (Compliance Rules, Lending Rules, Finance Rules, Risk Management Rules, etc.). Additional regulations may be issued, depending on the Bank's needs and strategies or in compliance with new legislative requirements;
- **Internal Codes** are issued to meet any regulatory requirements of the specific industry or following the Bank's decision to comply with best practices in the industry (e.g., Procedure for Related Party and Connected Party Transactions, Internal Dealing Code, Code on Inside Information);
- **Corporate policies** containing guidelines that the Bank has decided to adopt in order to properly direct the management of certain particularly complex activities (e.g., AML Policy, Policy on Conflicts of Interest Management, Policy on the Transmission and Execution of Orders, Policy on Customers Classification, etc.);
- **Circulars** containing permanent, operating and administrative rules for the conduct of the various activities carried out by the Bank and by the distribution networks;
- **Organisational procedures** containing a description of the process flow to which the functions involved must conform, including a description of individual activities, their timing and chronological succession, units in charge, tools and media used and implementation methods (automatic/manual), milestones for checking and verifying the transactions' propriety and regularity;
- **Formalised processes** containing directives, guidelines, operating information and temporary communications pertaining to the activities of the Bank;
- **Workflow processes** used to meet the needs for the formalisation of product or process changes to be overseen, including across several facilities. Workflow processes, which also provide operational support to specific Departments, Services or Organisational Units in the performance of new activities, may also be considered, where deemed appropriate, documents to be used in subsequent drafting of more detailed internal regulations (e.g., Circulars and/or Organisational Procedures);

- **Operating flowcharts** used to provide a detailed representation of a single activity relating to an individual organisational unit. Operating flowcharts, which illustrate the operating process, the procedures or transactions used, the decision-making steps, those involved and operating notes, are also a supporting tool to determine operational process volumes and identify specific pain points and hypothetical factors for improvement;
- **Network communications** addressed to Financial Advisors' Commercial Networks with agency mandates and Private Relationship Managers containing operating instructions, product and commercial information and in-depth legal information for the distribution networks.

Each of these sources must be adequately disseminated throughout the Bank either to all Recipients or to the specific category of Recipient concerned.

#### 4.8 THE CORPORATE GOVERNANCE SYSTEM

As a joint stock company governed by Italian law and as a Bank subject to Legislative Decree 385 of 1 September 1993 and related implementing rules, Banca Generali's governance system is strongly focused on the central role of the Board of Directors and the top management, the proper management of conflicts of interest, transparency in the communication of corporate management decisions and efficiency of the internal control system.

Banca Generali's organisational structure is made of the following main corporate bodies and officers:

- Board of Directors;
- Chairman of the Board of Directors;
- Remuneration Committee;
- Nomination, Governance and Sustainability Committee;
- Internal Audit and Risk Committee;
- General Shareholders' Meeting;
- Board of Statutory Auditors.

Other corporate bodies and officers include the Secretary to the Board of Directors, the members of the General Management (General Manager and Deputy General Managers), and persons vested with powers of representation pursuant to the provisions of the Articles of Association.

Responsibility for company management lies solely with the Board of Directors (the "Board"). The Board of Directors is appointed by the Shareholders' Meeting for a three-year term. The Board of Directors elects, from amongst its members, a Chairman, and if it deems fit, a Deputy Chairman, and may also appoint one or more Chief Executive Officers, determining the powers and responsibilities thereof. The Board of Directors can also appoint a General Manager, one or more Joint General Managers and one or more Deputy General Managers, who together constitute the General Management.



The Remuneration Committee's responsibilities include advising and making recommendations and proposals to the Board of Directors on matters pertaining to remuneration. More specifically, the Committee: i) provides the Board of Directors with opinions and non-binding recommendations on the determination of the remuneration of the Chairman of the Board of Directors, the Chief Executive Officer, as well as any other executive Directors, also providing its opinion on the determination of performance objectives correlated to the variable component of the remuneration; ii) expresses opinions and non-binding recommendations on the determination of the general criteria of the remuneration of personnel for whom the remuneration and incentive systems are decided upon by the Board of Directors, in compliance with the laws and regulations applicable from time to time and by the Remuneration and Incentive Policy adopted by the Company, also expressing its opinion on the setting of performance objectives correlated to the variable component of remuneration; and iii) expresses opinions and non-binding recommendations on any stock option plans and assignment of shares or other share-based incentives, also suggesting the objectives linked to the granting of said benefits and the assessment criteria for the achievement of such objectives and monitoring the evolution and application in time of the approved plans.

The Nomination, Governance and Sustainability Committee, set up pursuant to the Bank of Italy's Circular 285 of 17 December 2013 and the Corporate Governance Code of Listed Companies, is tasked with performing a supporting role, by acting in a propositional and advisory capacity to the Board of Directors in matters relating to nominations, governance and sustainability, and it has the necessary competencies and independence of judgement to formulate its assessments concerning the nominations on which it is asked to express an opinion. Specifically, the Committee: i) provides the Board of Directors with opinions on the size and composition of the Board and issues recommendations concerning professionals whose presence on the Board is deemed appropriate; expresses recommendations concerning the maximum number of directorships and auditorships in companies listed on regulated markets (in Italy or abroad), at banks, finance companies or insurers, or companies of significant size that may be considered compatible with effective performance of the role of director of the issuer, also taking account of participation in the various committees and considering differentiated criteria according to the commitment associated with each role; proposes candidates for the office of director to the Board of Directors in cases of co-option, when independent directors need to be replaced; ii) supports the Board of Directors with the advance identification of the qualitative and quantitative composition of the Board deemed optimal for the purposes of the appointment or co-option of directors; iii) supports the Board of Directors with subsequent verification of the compliance between the qualitative and quantitative composition deemed optimal and the effective composition resulting from the appointment process; iv) monitors the evolution of national and international regulations and best practices governing corporate governance matters, duly informing the Board of Directors of any significant changes; v) oversees all sustainability matters related to the Banking Group's operations and the ways in which it interacts with all stakeholders, also fostering a culture of sustainability within the Bank and the Banking Group companies; vi) examines the general outline of the Sustainability Report and its content organisation, as well as the completeness and transparency of the information it provides, expressing its observations in this regard to the Board of Directors called to approve the said

Report; vii) prepares proposals regarding the Banking Group's environmental and social strategies, annual targets and goals to be pursued, while also monitoring their implementation over time.

The Internal Audit and Risk Committee, which was set up pursuant to Bank of Italy Circular 285 of 17 December 2013 and the Corporate Governance Code of Listed Companies, is tasked with performing a supporting role, with investigative, propositional and advisory duties in relation to the Board of Directors and the Board of Statutory Auditors, in particular on matters of internal controls and risk management, related party and connected party transactions, transactions of greater importance, statutory auditing and equity investments. Specifically, the Committee, *inter alia*: i) supports the Board of Directors in determining the strategic guidelines and the guidelines of the internal control system and risk governance policies, with a particular focus on all activities instrumental and necessary to allowing the Board of Directors to arrive at an accurate, effective determination of the Risk Appetite Framework and risk governance policies; ii) supports the Board of Directors with periodic verification of the adequacy of the internal control and risk management system with respect to the characteristics of the Company and risk profile assumed, and the system's effectiveness; iii) expresses its opinion regarding related party and connected party transactions, as well as transactions of greater importance, in accordance with the relevant Procedure approved by Banca Generali pursuant to applicable laws and regulations; and iv) assists the Board of Statutory Auditors in discharging its statutory auditing duties pursuant to the provisions of Legislative Decree 39 of 27 January 2010.

The Shareholders' Meeting passes resolutions expressing the intentions of the Company. Resolutions approved by the Shareholders' Meeting pursuant to statutory provisions and the Articles of Association are binding on all the Company's shareholders, including those abstaining or dissenting.

The Board of Statutory Auditors, appointed by the Shareholders' Meeting for a term of three years, is tasked with overseeing compliance with statutory and regulatory requirements and the Articles of Association, as well as with monitoring company management. The Board of Statutory Auditors is not responsible for auditing the Company's accounts — a task entrusted to Independent Auditors duly registered with the specific professional rolls set by the Italian market regulator (Consob).

The latter exercises regulatory oversight in respect of the Company. The Independent Auditors are bound to monitor the proper bookkeeping of the Company's accounts during the course of the financial year, and to ensure that the Company's books faithfully reflect management facts. The Independent Auditors are also in charge of checking that the figures carried in the separate and consolidated financial statements present a true and fair account of the Company's books and that all accounting documents are compliant with applicable regulations.

#### **4.9 THE INTERNAL CONTROL SYSTEM**

The internal control system is a structured set of organisational functions, procedures and rules of conduct aimed at ensuring sound and proper corporate governance in line with pre-set targets, through adequate processes for identifying, measuring, managing and monitoring the main business risks. The system forms an integral part of the Company's operations and entails the involvement of all corporate structures and sectors, each of which is called upon to ensure constant and continuous risk monitoring within the limits of its specific remit.

As required pursuant to the Italian Civil Code and the supervisory regulations for banks and, as recommended in the Corporate Governance Code for Listed Companies, the Bank has adopted an internal control system capable of continuously monitoring typical business risks. Banca Generali's internal control system was most recently updated by the Board of Directors on 24 January 2008 (with effect as of 1 March 2008) with a view to bringing the same in line with regulations introduced through the provisions for the implementation of MiFID in Italy. The internal control system was further adjusted to the provisions in force from time to time.

Pursuant to the said provisions and applicable supervisory regulations, it is made up of:

(i) *checks involving the business line*: systematic or periodic checks on samples of information, carried out by the heads of individual operating units with a view to ensuring the proper completion of the transactions effected by the same production structures, or incorporated into procedures, or performed as part of middle/back-office processes;

(ii) *risk management checks*: checks carried out by the heads of individual operating units and by the Risk Management function, as part of the process of determining risk measurement methods, with a view to ensuring compliance with the thresholds assigned to the various operating functions, as well as in order to maintain the operations of individual production units in line with the risk/return targets set for specific types of risk (credit risk, market risk, operating risk);

(iii) *compliance checks*: checks carried out by the Compliance function within the Compliance and Anti-Money Laundering Department, whose Manager is appointed Head of the Compliance function by the Board of Directors. The controls concern the compliance of transactions with statutory requirements, orders and instructions imposed under supervisory authorities and the Company's self-regulation provisions. The Compliance function is also responsible for selecting, arranging and executing inspections of the Company's distribution network;

(iv) *checks on the management of the money laundering and terrorist financing risks*: carried out by the Anti-Money Laundering function (Anti-Money Laundering Service within the Compliance and Anti-Money Laundering Department), in accordance with Bank of Italy Provision of 10 March 2011 adopted in agreement with Consob and Isvap. The Anti-Money Laundering Service is responsible for the prevention and combating of money laundering and terrorist financing for the Banking Group. At the Banking Group level, the Head of the Service is both the Anti-Money Laundering Manager and Delegate, pursuant to Article 41 of Legislative Decree 231/2007, for the reporting of suspicious transactions to the Financial Intelligence Unit;

(v) *internal audit services*: checks carried out by the Internal Audit Department with a view to ensuring, also through on-site inspections, the propriety of the Company's operations, risk trends, the overall functioning of the internal control system, whilst at the same time identifying abnormal trends, breaches of procedure and regulations, as well as assessing the effectiveness of the internal system.

The Company's internal control system is structured to ensure proper disclosure of information and adequate oversight of all the Banking Group's activities, with a view to promoting fairness and transparency of processes, in both form and substance, whilst also guaranteeing: the efficiency, traceability and auditing of transactions, and more in general, of all management activities; the reliability of accounting and management data; compliance with laws and regulations, and the protection of the integrity of the Company's assets, including in order to prevent fraud to the Company and the financial markets.

The key principles underlying the Bank's internal control system include:

- the separation of roles in the performance of the main tasks involved in individual production processes;
- the traceability and constant visibility of choices;
- objective decision-making with regard to individual operating processes.

Responsibility for the internal control system resides with the Board of Directors that is in charge of: establishing the guidelines, strategic orientation and risk management policies; approving the Bank's organisational structure, ensuring that tasks and responsibilities are clearly and properly assigned, and periodically checking the adequacy and effectiveness of the said structure, further ensuring that the main corporate risks are identified and appropriately managed, that the Company's control structures are endowed with sufficient autonomy and independence within the Company's organisation, as well as with adequate resources to ensure the proper functioning thereof.

The Board of Directors, with the support of the Internal Audit and Risk Committee, also carries out periodic assessments of the functioning, effectiveness and efficiency of the internal control system, taking timely corrective action in case of shortcomings and/or anomalies in the performance of the checks themselves.

The Board of Directors entrusted the Chief Executive Officer with the function of Executive Director in charge of overseeing the functioning of the internal control and risk management system.

The Chief Executive Officer/General Manager defines, for the matters not falling within the Board of Directors' remit, operating policies and related risk control procedures, identifying and evaluating, including on the basis of management trends and departures from forecasts, any and all factors giving rise to risks, and assesses the functioning, effectiveness and efficiency of the internal control system, promoting the updating of the same as may be necessary or useful from time to time.

Pursuant to supervisory regulations, internal control functions must be independent from other operating functions, and report directly to the Board of Directors and Board of Statutory Auditors, on a periodic basis, in respect of the outcome of its activities.

With regard to the Banking Group's internal control system, within the framework of its management and coordination in respect of the Group, the Bank exercises:

- a) strategic control over the development of various business areas in which the Group operates, and the risks arising from the range of business activities conducted. This type of control is aimed at monitoring the expansion of the business operations of Group companies, and their policies in terms of mergers, de-mergers and acquisitions. Strategic coordination is ensured primarily through presence of a certain number of persons appointed by the Bank's Board of Directors on the Board of Directors of subsidiaries;
- b) operating control aimed at ensuring that the profit and loss accounts, cash flow statements and balance sheets of both individual Group companies and the Group as a whole are appropriately balanced. These checks are carried out preferably through the drawing up of plans, programmes and budgets (for each Group company and for the Group as a whole) and by analysing the quarterly performance, interim results, as well as separate financial statements of each Group company and the consolidated financial statements, duly broken down by specific business sector, and with regard to the entire Group. Operations are coordinated by the Planning and Control Department which liaises with the company bodies/functions of each of the subsidiaries;

c) technical-operating control aimed at assessing the profiles of the various risks incurred by the Group as a whole, as a result of the business operations of individual subsidiaries.

The Board of Statutory Auditors, in its capacity as the control body pursuant to law, as well as by virtue of its supervisory role, and the Internal Audit and Risk Committee, vested with an advisory and recommendatory role, discharge their respective verification and assessment functions in respect of the "Group's internal control system", availing of the support of other corporate bodies and functions in charge of coordinating and supervising the Group.

#### **4.10 THE ORGANISATIONAL STRUCTURE AND THE SYSTEM OF DELEGATED POWERS**

Given the peculiarities of the banking business, the corporate governance and internal control systems of banks are shaped and defined, to a large extent, by the organisational structure and the related system of delegated powers in place within the banking institution, and subject to regulation pursuant to the Articles of Association, and more specifically, the Internal Rules.

The said system is reflected, from a technical and operating standpoint, in the internal regulations and, in terms of corporate representation, in the so-called "powers of signature" (and in particular, the special powers delegated to employees).

Banca Generali's system of delegated powers is defined in compliance with the principle entrenched in the Supervisory Provisions cited above, under which the Board of Directors is to be charged with strategic supervision and policy definition, whilst responsibility for operations (i.e., the implementation of the policies defined by the Board of Directors in discharge of its strategic oversight function) is to be vested in executive bodies required to periodically report to the Board of Directors in respect of the activities undertaken in the performance of their assigned tasks.

In order to allow for the greatest possible attention to be focused on individual business areas, as well as the specialisation of production and marketing processes, whilst also ensuring that the Banking Group is administered with the necessary level of overall unified management, Banca Generali's organisational structure is divided into Deputy General Managers, Areas, Departments and Services each assigned specific tasks, including policy-making, coordination, control, support and services, in line with its specific mission and functional features.

The Heads of the various Areas, Departments and Services are tasked with reaching the targets set for each of the same, within the framework of general policy guidelines, including through the optimal use of the human and technical resources at their disposal.

Briefly put, Banca Generali is organised as follows.

The following report hierarchically to the Board of Directors, which is vested with strategic oversight of the Company: the Chief Executive Officer/General Manager and the Internal Audit Department.

The following report hierarchically to the Bank's Chief Executive Officer/General Manager, who is vested with overall responsibility for the Company:

- the General Counsel Area;
- the Human Resources Department;

- the Marketing and External Relations Department;
- the Compliance and Anti-Money Laundering Department (functionally reporting to the Board of Directors);
- the Risk and Capital Adequacy Department (functionally reporting to the Board of Directors);
- the CFO & Strategy Area;
- the COO & Innovation Area;
- the Deputy General Manager Wealth Management, Markets and Products;
- the Deputy General Manager Commercial Networks & Alternative and Support Channels.

The following report directly to the Head of the CFO & Strategy Area, who coordinates the Company's economic, commercial and strategic planning activities, finance, as well as accounting and administrative activities:

- the Planning and Control Department;
- the Administration Department;
- the Finance Department;
- the Sales Planning and Control Service;
- the Investor Relations Service;
- the Strategic Planning Service.

The following report directly to the Head of the COO & Innovation Area, who coordinates the Company's entire operating structure:

- the Project Governance, Outsourcing and Data Management Department;
- the Systems, Technology and IT Security Management Department;
- the Operations Department;
- the Process and Legislation Department.

The following report directly to the Deputy General Manager Wealth Management, Markets and Products, who coordinates all developments of the Bank's products and services:

- the Asset Management Area;
- the Wealth Management Area;
- the Product Department;
- the Lending Department;
- the Training and Network Development Department;
- the Certificate HUB Service;
- the Equity Private Investments Service.

The following report directly to the Deputy General Manager Commercial Networks & Alternative and Support Channels, who coordinates distribution networks:

- the Financial Advisor Networks Area;
- the Private Relationship Manager Area;
- the Alternative and Support Channels Area.

The Bank's structure also includes the following officers:

- Manager in charge of the Company's financial reports within the meaning of Article 154 of TUF;
- Data Protection Officer pursuant to the Regulation (EU) 2016/679;
- Employer's Delegate regarding occupational health and safety matters within the meaning of the Consolidation Law on Occupational Safety (Legislative Decree 81 of 9 April 2008, promulgated in implementation of Law 123/2007);
- Legal Representative's Delegate for the forwarding of suspect reports within the meaning of Article 41 of Legislative Decree 231 of 21 November 2007.

## **5. DISCIPLINARY FRAMEWORK**

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### **5.1. FUNCTIONS OF THE DISCIPLINARY FRAMEWORK - 5.2. DISCIPLINARY PROCEEDINGS AND MEASURES**

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#### **5.1 FUNCTIONS OF THE DISCIPLINARY FRAMEWORK**

Pursuant to Articles 6, paragraph 2(e), and 7, paragraph 4(b), of Legislative Decree 231/01, an Organisational and Management Model may be deemed effectively implemented only if it incorporates a disciplinary framework providing for the imposition of punitive measures in the case of non-compliance.

As a result, the implementation of an effective disciplinary framework constitutes an essential prerequisite for the Model to be raised as shield providing absolute exemption from vicarious corporate liability.

The punitive measures contemplated under the disciplinary framework shall be applicable in respect of each breach of the provisions of the Model, regardless of the commencement or outcome of criminal proceedings in the case where the breach of the Model also entails the commission or attempted commission of any of the offences specified in Legislative Decree 231/01.

#### **5.2 DISCIPLINARY PROCEEDINGS AND MEASURES**

Pursuant to Article 2104, paragraph 2, of the Italian Civil Code, the obligations binding on the Bank's employees shall be deemed to include compliance with the provisions and rules of conduct set forth in the Model, with the result that the entire contents of the Model are to be considered part and parcel of the subject-matter of the said statutory obligations.

Disciplinary measures shall always be applicable in the case where one or more of the provisions and rules of conduct set forth in the Model are breached by employees serving the Bank pursuant to one of the following National Collective Bargaining Labour Agreements (hereinafter the "Employment Contracts"):

- the National Collective Bargaining Agreement for credit sector executives;
- the National Collective Bargaining Agreement for credit sector professionals and executives.

The procedures set forth in the Model, all of which are binding on all Bank employees and enforced under the disciplinary framework, shall be disseminated throughout the Bank's organisational structure pursuant to the procedures specified in Chapter 8 "Outreach Plan" of the Model.

Disciplinary proceedings must be launched with a view to determining where responsibility lies for each breach of the Model reported by the Supervisory Board. More specifically, under the disciplinary procedure, the employee or employees imputed with responsibility for the breach must be provided with a full statement of the allegations raised against them, followed by ample opportunity to be heard, after being afforded adequate time to prepare their defence. The employee or employees found to have departed from the provisions of the Model shall be subjected to disciplinary measures commensurate with the seriousness of the breach in question.



Pursuant to Article 7 of Law 300 of 30 May 1970 (so-called “Charter of Workers’ Rights”) and other applicable special regulations, Bank employees may attract the disciplinary measures contemplated under law and/or their respective Employment Contracts, as well as Company’s Disciplinary Regulations.

In light of the nature and investigative requirements of the breach, the Bank may — pending disciplinary proceedings — temporarily suspend from duty the employee or employees allegedly involved for the time strictly necessary to complete all the required investigations.

Disciplinary proceedings shall be conducted in strict compliance with all the protections and guarantees afforded to employees pursuant to law and the relevant Employment Contracts, and must more specifically provide for:

- any and all employees against whom allegations are raised to be served timely advance written notice of the latter and afforded adequate time to prepare their defence;
- the allegation or allegations to be made after at least 5 days from the employee’s defence. It should be noted that within this period employees may state their reasons, in oral or written form, including with the assistance of a union representative.

The delegated powers vested in the Bank’s management shall be deemed to be valid up to the full extent of the competences assigned thereunder, also in respect of the investigation of alleged breaches and the related disciplinary proceedings, as well as the imposition of punitive measures.

Reference should be made to sections 2.1 and 2.2 in the Special Section with regard to the penalties applicable to executives, professionals and managers in case of violation of the Model.

## **6. THE SUPERVISORY BOARD WITHIN THE MEANING OF LEGISLATIVE DECREE 231/01**

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6.1. STRUCTURE AND COMPOSITION – 6.2. ELIGIBILITY REQUIREMENTS AND GROUNDS FOR REVOCATION - 6.3. POWERS AND DUTIES - 6.4. FUNCTIONING OF THE SUPERVISORY BOARD - 6.5. INFORMATION FLOWS TO THE SUPERVISORY BOARD - 6.6. OCCASIONAL REPORTING: COMMUNICATIONS CHANNELS – REPORTS TO THE SUPERVISORY BOARD – PARTICULARLY URGENT REPORTS  
6.7. PERIODIC INFORMATION FLOWS – 6.8. RECORD-KEEPING AND FILING REQUIREMENTS – 6.9. THE SUPERVISORY BOARD'S REPORTS WITH OTHER CORPORATE BODIES

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### **6.1 STRUCTURE AND COMPOSITION**

Article 6(b) of Legislative Decree 231/01 prescribes that, for the purpose of exemption from vicarious corporate liability, a legal entity has to set up a Supervisory Board, with independent powers of initiative and control, which is entrusted with the task of supervising the operation of and compliance with the models and updating thereof.

Taking into account the provisions of Article 6, paragraph 4-*bis*, of Legislative Decree 231/01 (introduced by Law 183/2011 "Stability Law 2012"), the "New Prudential Supervisory Provisions for Banks" of the Bank of Italy (15<sup>th</sup> update of Circular 263 of 27 December 2006) and the Corporate Governance Code of Borsa Italiana, the Board of Directors of the Bank has entrusted the Supervisory Board's functions to the Board of Statutory Auditors.

In carrying out its functions as Supervisory Board, the Board of Statutory Auditors operates in accordance with its own regulations, approved by the Board of Statutory Auditors itself, and ensures the separation between the two activities it carries out.

### **6.2 ELIGIBILITY REQUIREMENTS AND GROUNDS FOR REVOCATION**

In addition to meeting the professionalism, integrity and independence requirements imposed on corporate officers appointed as statutory auditors, the members of the Board of Statutory Auditors should not be committed for trial or having been convicted in relation to an offence referred to in Legislative Decree 231/01, nor should they have been convicted for any other malicious offence.

Before making any appointments bearing entitlement to a seat on the Supervisory Board, the Board of Directors evaluates such entitlement. The members of the Supervisory Board are required to notify the Chairman of the Board of Directors, under their responsibility, of the occurrence of any obstacles to the continuation of the office including failure to satisfy the eligibility requirements.

The disqualification or revocation from office of a statutory auditor, including as a result of failure to satisfy the aforementioned requirements of professionalism, integrity and independence

while carrying out the office, also determines the disqualification or revocation from office as Supervisory Board member.

The Board of Directors reserves the right to dismiss Supervisory Board members at any time for juste cause.

In addition to the termination of the statutory auditor's office, the following circumstances shall also constitute grounds for revocation of a Supervisory Board member:

- proven negligence and/or gross incompetence in overseeing the proper application of the Model and compliance therewith;
- unjustified absence at two or more meetings of the Supervisory Board, following a regular notice of meeting.

Removal from office of a Supervisory Board member automatically results in disqualification from the office of statutory auditor.

In such circumstances, the rules provided for by law and the Articles of Association for the appointment of the alternate Statutory Auditor in replacement of the removed member shall apply; the alternate auditor shall also take over the office as member of the Supervisory Board.

### **6.3 POWERS AND DUTIES**

The Supervisory Board is vested with the following powers and duties:

- monitoring the extent to which the Model is implemented and complied with;
- checking the Model's effectiveness in preventing the commission of the offences specified in Legislative Decree 231/01;
- analysing the Model's ongoing compliance with stability and functionality requirements over time;
- overseeing, within the framework of its powers and responsibilities, compliance with provisions entrenched in Legislative Decree 231/2007 with a view to preventing the use of the financial system to launder the proceeds of crime and terrorist financing;
- promoting and soliciting the active involvement of all the other relevant corporate functions in the constant updating of the Model and related compliance oversight procedures, recommending corrections and adjustments to the Board of Directors, where necessary;
- liaising with the Independent Auditors on an ongoing basis;
- liaising with and reporting to the Board of Directors;
- requesting and obtaining any and all information and documents, of any nature or kind whatsoever, by any and all of the Bank's functions and/or units;
- carrying out checks and inspections with a view to detecting breaches of the Model;
- drawing up a monitoring and oversight plan covering all business sectors, based on the principles set forth in the Model;
- enforcing the implementation of the monitoring and oversight plan, especially by establishing timetables and deadlines for compliance;

- drawing up reports of the findings of the checks, inspections and investigations undertaken;
- ensuring that procedures designed for pinpointing, mapping and classifying "sensitive" areas are constantly updated, especially with a view to expediting its own oversight tasks;
- without prejudice to the provisions of Chapter 8 below, devising and implementing staff training, outreach and other initiatives aimed at maximising employee compliance with the Model, by fostering the appreciation, dissemination and understanding of the latter throughout the Bank's organisational structure;
- providing advice, guidance and clarifications on how the provisions of the Model are to be construed and applied;
- providing for effective whistleblower protection, especially by implementing an efficient system for the forwarding and processing of reports of alleged misconduct potentially exposing the Bank to vicarious corporate liability pursuant to Legislative Decree 231/01;
- drawing up an operating budget and subjecting any and all exceptional, unbudgeted expenses to prior approval by the Board of Directors;
- commencing disciplinary proceedings.

In the discharge of the aforesaid duties, the Supervisory Board shall avail of the collaboration of the compliance function, and may seek the assistance of the Bank's other operating units in respect of matters over which the latter are vested with specific competence.

#### **6.4 FUNCTIONING OF THE SUPERVISORY BOARD**

The Board of Statutory Auditors carries out the functions of the Supervisory Board for as long as it remains in office.

The Chairman of the Board of Statutory Auditors also chairs the Supervisory Board.

The remuneration for the performance of the Supervisory Board's functions is determined by the Board of Directors upon appointment of said Board.

The Supervisory Board shall adopt special Regulations containing rules for its functioning and supervisory activity.

In the discharge of its assigned tasks and duties, the Supervisory Board shall, avail of the relevant function's collaboration and expertise on compliance matters.

The Supervisory Board may also seek the assistance of other organisational units of the Company or other Group companies for the various specific matters, such as, for example, the organisational unit responsible for legal affairs, the anti-money laundering function, the internal audit function, the personnel management function, the organisation function, etc.

## **6.5 INFORMATION FLOWS TO THE SUPERVISORY BOARD**

Pursuant to Article 6, paragraph 2(d), of Legislative Decree 231/01, one of the Model's mandatory requirements is the establishment of adequate disclosure obligations towards the Supervisory Board in order to facilitate its supervisory activities over the Model's functioning and compliance therewith.

This Organisational and Management Model provides for two types of information flows towards the Supervisory Board:

- **occasional flows** to all recipients of the Model and to third parties as defined in section 4.2. who are required to promptly notify the commission, or just even the risk of commission, of the offences referred to in Legislative Decree 231/01 or the violation of the Model;
- **periodic information flows** from the various corporate functions involved in the processes affected by the legislation in question, as identified below.

## **6.6 OCCASIONAL REPORTING: COMMUNICATIONS CHANNELS – REPORTS TO THE SUPERVISORY BOARD – PARTICULARLY URGENT REPORTS**

Any and all deeds, documents, acts, omissions or events that could entail a breach of the Model or are otherwise significant in light of Legislative Decree 231/01 must be reported to the Supervisory Board by the Model's recipients and third parties as per section 4.2, without delay, through the internal communications channel specifically set up for such purpose.

In such regard, the following general provisions shall apply:

- any and all information regarding breaches or potential breaches of the Model, or the commission or attempted commission, or otherwise a reasonable risk of the commission or attempted commission, of one or more of the offences specified in Legislative Decree 231/01 must be reported;
- reports of illegal behaviour relevant to Legislative Decree 231/01 or violations of the entity's Organisational and Management Model must be as detailed as possible and based on precise, consistent facts;
- reports by employees regarding breaches (or alleged breaches) of the Model can be addressed to the employee's immediate hierarchical superior or directly to the Supervisory Board;
- Financial Advisors and the outside individuals as per this Model must report any and all anomalies in their relationships and/or activities in respect of the Bank, directly to the Supervisory Board.

In addition to the above-mentioned general breaches, the Supervisory Board must be given immediate notification of:

- any and all orders and/or notices issued by law enforcement or other authorities, intimating the investigation of any offence whatsoever committed or attempted even by persons unknown, that could expose the Bank to vicarious corporate liability pursuant to Legislative Decree 231/01;

- any and all lawful requests by employees for legal assistance in preparing their defence in any proceedings whatsoever brought against them in respect of one or more of the offences specified in Legislative Decree 231/01, unless expressly prohibited by the judicial authority;
- any and all reports drawn up by the heads of other operating units or corporate functions in respect of their own oversight activities, pinpointing deeds, documents, events, practices, acts or omissions that could have an impact in terms of the Bank's compliance with the provisions of Legislative Decree 231/01;
- deeds, documents and reports pertaining to any and all disciplinary proceedings commenced in respect of any of the offences specified in Legislative Decree 231/01, as well as the grounds underlying the imposition of any and all disciplinary measures, or, alternatively, the decision to dispose of the matter without further action;
- any and all reports of potential risks of the commission of particularly serious violations of statutory and regulatory provisions designed to prevent money-laundering and terrorist financing.

The reports and information referred to above may be submitted: via company communications IT tools to the e-mail address ([Organismodivigilanza231-01@bancagenerali.it](mailto:Organismodivigilanza231-01@bancagenerali.it) or web-based applications) or via regular mail to the address "Banca Generali S.p.A., Organismo di Vigilanza D.lgs. 231/01, c/o Servizio Compliance, Corso Cavour 5/A, 34132 Trieste".

The Supervisory Board shall, at its own sole discretion and under its own responsibility, examine and process each report with a view to determining whether or not further action is warranted.

Whistleblowers acting in good faith shall be protected against any and all forms of retaliation, discrimination and/or penalisation, and shall be further ensured anonymity to the extent permitted under law.

## **6.7 PERIODIC INFORMATION FLOWS**

In the exercise of its control responsibilities, the Supervisory Board systematically analyses the periodic information flows received from the corporate structures involved in the processes influenced by the legislation in question.

In this respect, the Supervisory Board receives the following information flows during periodic meetings:

- periodic information from control functions (compliance, internal audit and anti-money laundering) on second-tier activities and controls performed on the management of sensitive activities within the scope of their respective remits and purviews;
- periodic information from Managers with Strategic Responsibilities on the controls performed with regard to compliance by the units subject to coordination of the protocols laid down in the model for managing sensitive activities.

Additional periodic information flows to the Supervisory Board are ensured through the participation of its members, in their capacity as members of the Board of Statutory Auditors, to the meetings of the Board of Directors or of the Board Committees. In this regard, the Supervisory Board receives the documentation relating to the issues

concerned, such as:

- periodic report from the Internal Audit and Risk Committee;
- periodic Internal Audit report on the assessment of the Internal Control System;
- annual Internal Audit report on the assessment of the Internal Control System and Annual and Long-Term Internal Audit Plan;
- annual Internal Audit report on the assessment of IT security;
- annual Internal Audit report on the assessment of the Programme for the Internal Control Functions;
- annual Internal Audit report for investees;
- annual Internal Audit report on outsourced functions;
- annual Internal Audit report on the assessment of the Internal Control System and Audit Plan of investees;
- periodic dashboard, annual report and plan of activities for compliance;
- annual report of the Compliance Function for investees;
- periodic dashboard, annual report and plan of activities for anti-money laundering and prevention of terrorist financing;
- annual anti-money laundering report for investees;
- periodic dashboard, annual report and plan of activities for the Risk Management Function;
- annual report of the Risk Management Function for investees;
- periodic report on litigation and claims;
- periodic information regarding Banca Generali's overall complaint situation;
- Remuneration Report;
- periodic Related Party and Connected Party report;
- ICAAP report;
- ILAAP report;
- report on the overall consistency of the ratings of ECAs with internal assessments of creditworthiness;
- brief report on adequacy, ICT costs and assessment of IT risk;
- project portfolio report;
- Pillar 3 report;
- Corporate Regulations;
- Corporate Policies;
- Corporate Codes;
- Budget and Business Plan;
- Sales Figures;
- Draft Financial Statements;
- Sustainability Report
- Half-year Financial Statements;
- Interim Report;
- report on verification of the adequacy of the Business Continuity Plan;
- report on approval/update of the Business Continuity Plan;
- Risk Appetite Framework (RAF);
- report on the methods for carrying out investment services and activities and ancillary services, and the distribution of financial products issued by insurance companies or banks;
- information pursuant to the Lending Rules;
- information pursuant to the Finance Rules;
- periodic review of exposures to market counterparties;
- information regarding Banca Generali stock performance;
- macroeconomic scenario and definition of the investment policies of the portfolios managed;
- periodic information on the asset management and insurance products distributed.

## **6.8 RECORD-KEEPING AND FILING REQUIREMENTS**

The Supervisory Board shall ensure that any and all data, information, complaints and/or reports received pursuant to the Model are properly recorded and stored in accordance with appropriate filing and archiving procedures.

## **6.9 THE SUPERVISORY BOARD'S REPORTS TO OTHER CORPORATE BODIES**

The Supervisory Board, in the person of its Chairperson or other member appointed for such purpose, is required to report to the Board of Directors in respect of the application and implementation of the Model, highlighting problems and critical areas and recommending remedial action, where necessary.

Towards such end, the Supervisory Board shall:

- submit to the Board of Directors, within no more than 90 days following the end of each financial year, a summary report of its activities during the year just ended, as well as an action plan for the year underway;
- give the Board of Directors immediate written notice of any and all extraordinary events (e.g., breaches of the Model, etc.), and/or particularly urgent complaints or reports requiring swift action.



## **7. UPDATING AND ADJUSTMENT OF THE MODEL**

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### **7.1. CHECKS AND ASSESSMENTS OF THE MODEL - 7.2. UPDATING AND ADJUSTMENT**

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#### **7.1 CHECKS AND ASSESSMENTS OF THE MODEL**

The Supervisory Board is required to draw up an annual oversight and monitoring action plan, providing an indicative timetable of the checks and assessments it intends to carry out during the year.

The monitoring action plan must provide a timetable of the activities to be carried out during the year, without prejudice whatsoever to its power to effect unscheduled and surprise inspections.

In the discharge of its duties, the Supervisory Board avails of the support of the compliance function, as well as may avail of the Bank's other operating units and functions, especially with regard to the oversight of matters falling specifically within their respective remits.

The Supervisory Board is vested with the broadest powers to carry out any and all the checks, assessments and inspections it deems fit in the discharge of its assigned tasks and duties.

#### **7.2 UPDATING AND ADJUSTMENT**

The Board of Directors is responsible for updating and adjusting the Model in light of oversight findings and changes in organisational layouts and/or operating processes, as well as in the types and/or number of the offences entailing vicarious corporate liability under law.

The Supervisory Board remains, nevertheless, vested with duties and powers for furthering, developing and promoting the constant improvement and updating of the Model, and is specifically tasked with providing advice and putting forward recommendations on the monitoring and oversight structure, not only to the individual operating units involved, but also, in particularly significant cases, directly to the Board of Directors. Without delay, the Supervisory Board shall implement any and all changes to the Model approved by the Board of Directors and shall ensure that the same are widely disseminated within the Bank, as well as, if and to the extent necessary, to outside third parties.

At the earliest opportunity following the approval by the Board of Directors of any and all updates and/or adjustments of the Model, the Supervisory Board shall submit to the meeting of the Board of Directors a written progress report focusing especially on the results of activities undertaken in implementation of the same.

As part of the annual report, or more frequently where necessary, the Board may submit to the Board of Directors recommendations for amendments to be brought to the Model so that the Board of Directors, in exercising its exclusive competence in this regards, resolves upon such amendments.

Business processes and internal regulations are constantly put in relation with sensitive activities, as described in the datasheets, under the supervision of the Supervisory Board, which proposes the formal updating of those relations according to the rules set out above.

## **8. OUTREACH PLAN**

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### **8.1. INTRODUCTION - 8.2. OUTREACH AND TRAINING – 8.3. STANDARD CONTRACTUAL CLAUSES**

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#### **8.1 INTRODUCTION**

It is obvious that the Bank's Model can only be effectively implemented if it is properly disseminated both within and outside the Bank's structure.

Accordingly, the Bank intends to promote the widest possible dissemination of the provisions and principles set forth in the Model, not only to all its employees, but also to any and all persons who, whilst not formally employees, serve the Bank on an ongoing or occasional basis, pursuant to specific service agreements, and are therefore subject to management and/or oversight by the Bank (e.g., Financial Advisors).

Although dissemination channels and procedures may differ depending on the type of recipient targeted, any and all information provided in respect of the contents and principles of the Model to recipients, whether within or outside the Bank, shall be complete, timely, accurate, easily accessible and constantly available for consultation, especially with a view to ensuring that all the various recipients are afforded ample opportunity to familiarise themselves with their respective roles, responsibilities and duties pursuant to the Bank's internal regulatory framework.

In particular, the Bank shall take specific steps to foster the timely dissemination and understanding of the Model amongst all Recipients.

#### **8.2 OUTREACH AND TRAINING**

The provisions and principles set forth in the Model shall be subjected to the widest possible dissemination amongst all employees, Financial Advisors and other persons serving the Bank pursuant to service and/or collaboration agreements.

The full contents of the Model shall be freely accessible and available for consultation by all employees and Financial Advisors directly on the Bank's Intranet site or the portal dedicated to the distribution network, whilst other third parties shall be afforded access only to the General Section of the Model on the Bank's website.

To foster appreciation and understanding of the Model, the Bank's staff training function shall also implement outreach initiatives entailing both e-learning and conventional classroom sessions for employees and Financial Advisors.

Upon completion of each such programme, all participants shall be required to fill in a questionnaire and issue a statement attesting to the training they received.

The aforesaid training and outreach programmes shall be specifically designed to sensitise employees to their duty to familiarise themselves with the provisions and contents of the Model, and to actively contribute to the implementation and enforcement of the same, within the limits of their respective roles and responsibilities within the Bank, especially by promptly reporting any and all non-compliance that may come to their attention.

A full copy hereof shall be delivered to each of the Bank's directors, officers and executives who, upon receipt of the same, shall be required to issue a statement attesting to their full awareness of the contents of the Model.

Similar procedures shall be followed to ensure that any and all updates and amendments brought to the Model are adequately disseminated to all Recipients.

### **8.3 STANDARD CONTRACTUAL CLAUSES**

In order to enforce compliance with the Model by outside consultants/collaborators, intermediaries and business partners (including Financial Advisors), the Bank shall also ensure that any and all agreements entered into with the said counterparties include standard contractual clauses binding all of the latter:

- to carry out the activities under the Contract in strict compliance with the principles of transparency, fairness and probity, in order to prevent the commission of the offences referred to in Legislative Decree 231/01;
- as regards Financial Advisors, to comply with the specific training requirements set forth by the Bank,

under pain of specific sanctions for non-compliance, including, without limitation, the termination of the agreement in question, and/or the imposition of significant penalties.

## **SPECIAL SECTION**

# 1. REGULATIONS ISSUED FOR THE PURPOSE OF COMPLIANCE WITH LEGISLATIVE DECREE 231/01

## TITLE I – GENERAL RULES

### Article 1 - DEFINITIONS

1.1. For the intents and purposes of this Special Section:

- a) "Senior Executives": means any and all persons who are vested with powers of corporate representation and/or managerial and administrative responsibilities within the legal entity or one of its financially and functionally independent organisational units, and/or who, albeit only *de facto*, exercise management and control over the same;
- b) "Legislative Decree 231/01": means the Legislative Decree 231 of 8 June 2001, as further amended and extended;
- c) "Recipients": means any and all persons vested with powers of corporate representation and/or managerial and administrative responsibilities within the legal entity or one of its financially and functionally independent organisational units, and persons who, albeit only *de facto*, exercise management and control over the same ("Senior Executives"), and any and all persons subjected to management or supervision by one of more Senior Executives ("Subordinates");
- d) "Bank": means Banca Generali S.p.A.;
- e) "Group": means Banca Generali S.p.A. and its subsidiaries within the meaning of Article 2359, paragraphs 1 and 2, of the Italian Civil Code;
- f) "Generali Group": means Assicurazioni Generali S.p.A. and its subsidiaries within the meaning of Article 2359, paragraphs 1 and 2, of the Italian Civil Code;
- g) "Organisational and Management Model", "OMG" or "Model": means all the rules set forth in the sources listed in Article 2 below;
- h) "Subordinates": means any and all persons subjected to management or supervision by members of top management.

### Article 2 - REGULATORY SOURCES

2.1. In undertaking their assigned tasks and duties, all Recipients are required to comply with:

- a) any and all applicable Italian or foreign statutory and regulatory provisions;
- b) the provisions of the Articles of Association;
- c) the Internal Code of Conduct;
- d) the rules and regulations set forth herein;
- e) any and all Board resolutions;
- f) any and all instructions imparted by the Chief Executive Officer/General Manager;
- g) any and all resolutions passed by Board Committees;
- h) any and all instructions provided by the internal regulations;
- i) any and all internal provisions issued by their relevant operating units and hierarchical superiors.

### **Article 3 - RULES OF CONDUCT**

- 3.1. All Recipients must always refrain from compromising fundamental principles such as honesty and personal integrity in the pursuit of personal gain or when acting in the interests of the legal entity.
- 3.2. All Recipients shall refrain from engaging in any behaviour whatsoever that:
- a) may constitute the commission of one or more offences falling within the scope of Legislative Decree 231/01;
  - b) whilst not in itself constituting any offence falling within the scope of the aforesaid Legislative Decree, could potentially entail the commission of one or more of such offences.
- 3.3. Any and all actions, operations and transactions effected or undertaken in the interest or for the benefit of the legal entity must not only be clearly and truthfully reflected in the latter's books and accounting records in accordance with applicable regulations and established procedures, but must also comply with the principles of the utmost propriety in operating terms, formal and substantive legitimacy, and the completeness and transparency of all related information, whilst also being subject to checks and auditing.
- 3.4. All Recipients, each within his or her own remit, shall address all the ethical and legal issues related to business decisions, analyse the various aspects of complex situations, and decide whether or not seek advice and guidance in making any decision directly or indirectly targeted at furthering the interests of the legal entity or securing benefits or gain for the latter.
- 3.5. All Recipients shall scrupulously comply with the provisions set forth in this Model, it being understood that any and all infringements of the same shall entail the imposition of disciplinary measures contemplated in the same in respect of persons who fraudulently circumvent the restrictions entrenched in the said provisions, in blatant disregard of the internal protocols for the implementation thereof.
- 3.6. Any and all Recipients who, pursuant to applicable regulations, are called upon to act as public officials or as public service providers must operate in strict compliance with the law and professional ethics.

More specifically:

- a) they shall not abuse their position or powers to coerce or induce any other person to unduly give or promise to give the Recipients themselves or some other third party, including on behalf of the legal entity, any gifts, whether in cash or in kind, from persons or parties that have benefitted or that stand to benefit from decisions made or activities undertaken by the Recipients in question in their official capacity, save for gifts of little economic value, commonly exchanged as a matter of social courtesy;
- b) they shall not accept, by way of consideration for action taken or to be taken in the discharge of their official duties, any gifts or promises of gifts whatsoever, whether in cash or in kind, for themselves, or on behalf of any third party or the legal entity itself, from persons or parties that have benefitted or that stand to benefit from decisions made or activities undertaken by the Recipients in question in their official capacity, save for gifts of little economic value, commonly exchanged as a matter of social courtesy.
- c) they shall not accept, by way of consideration for ensuring that tasks and activities to be undertaken in the discharge of their official duties are unduly delayed, postponed or totally omitted, or otherwise, for ensuring the performance of activities undertaken or to be undertaken in breach of their official duties, any gifts or promises of gifts whatsoever, whether in cash or in

kind, for themselves, or on behalf of any third party or the legal entity itself, from persons or parties that have benefitted or that stand to benefit from decisions made or activities undertaken by the Recipients in question in their official capacity, save for gifts of little economic value, commonly exchanged as a matter of social courtesy.

#### **Article 4 - REPORTING OBLIGATIONS**

4.1. Any and all Recipients who become aware of illegal or ethically improper behaviour or situations that could potentially give rise to the performance of illegal or improper activities directly or indirectly in the interest of the legal entity or favourable to the latter must immediately report the same to the Supervisory Board in writing. All the aforesaid reports shall be promptly investigated by the Supervisory Board.

4.2. Non-compliance with the reporting obligation specified above shall entail the imposition of disciplinary sanctions. Similarly, persons who maliciously or with gross negligence submit reports that are found to be baseless shall also be subject to sanctions.

4.3. Relationships amongst employees, at all levels, must be marked by mutual respect, loyalty and the utmost propriety. Accordingly, the use of reporting channels for retaliatory or congratulatory purposes shall not be tolerated.

## **TITLE II – RELATIONSHIPS WITH THE PUBLIC ADMINISTRATION**

#### **Article 5 - REPORTING CONTACTS**

5.1. Any Recipient who enters into contact with the Public Administration for the purpose of establishing a new legal or economic relationship between the latter and the legal entity, or otherwise, in connection with comments or observations issued by the Public Administration, shall immediately inform the legal entity thereof, save in the case where the contact in question pertains to relationships having to do with routine or statutory formalities to be discharged in respect of the Public Administration.

5.2. The related reports must be addressed:

- a) by employees, to the head of the relevant organisational unit;
- b) by contractors, to the head of the organisational unit that appointed them;
- c) by Financial Advisors, to the relevant Manager of reference;
- d) by any and all other Recipients, and in all cases of conflict with the addressees specified above, to the Supervisory Board.

5.3. The reports must contain a summary description of the features of the potential relationship with the Public Administration and must be archived, including in electronic databases, in such a manner as to be at all times accessible to the addressee of the report, as well as the Supervisory Board for subjection to subsequent checks and closer examination. To carry out checks in respect of contacts with the Public Administration pertaining to routine or statutory formalities to be discharged in respect of the latter, mentioned in section 5.1 above, the Supervisory Board shall turn to the relevant managers as per the system of internally delegated powers.

5.4. Any and all addressees of such reports shall, promptly upon receipt thereof, take whatever immediate action that may be required, and then inform the Supervisory Board of any and all behaviour that already constitutes, or otherwise could



conceivably give rise, either to an infringement of the provisions set forth in the Model or an offence falling within the scope of Legislative Decree 231/01.

#### **Article 6 – PRECAUTIONS WHEN LIAISING WITH THE PUBLIC ADMINISTRATION**

6.1. No Recipient may maintain relationships with the Public Administration on behalf of the Bank or as a representative of the latter for reasons or purposes unrelated to their professional activities, or otherwise falling outside the scope of their job description or assigned tasks and duties.

6.2. All Recipients who, by reason of their position, job description or mandate, are required to liaise with the Public Administration shall abstain, in the course thereof, from availing of any influence they may — even lawfully — exert over their public counterparties, as well as from exploiting specific knowledge or information or friendships they may have acquired, including outside the scope of their professional activities.

6.3. All Recipients shall abstain from behaviour that could prove detrimental to the Public Administration, bearing in mind, especially, the strict prohibition on making false statements regarding the financial situation of customers in view of securing economic benefits for the latter or for the Bank itself.

6.4. All Recipients must act in accordance with law and ethical principles. All Recipients are strictly barred and prohibited from offering, promising or furnishing any reward or compensation whatsoever, whether in cash or in kind, directly or through one or more third parties, individuals or legal entities, for the purpose of inducing, facilitating or otherwise providing remuneration for a decision or other action to be taken in the interest or to the benefit of the Bank by the Public Administration whether in the discharge or in dereliction of its official duties.

6.5. All Recipients are similarly barred and prohibited from engaging in any conduct aimed at obstructing justice, or at favouring or occasioning prejudice to any litigant whatsoever in the course of civil, criminal or administrative proceedings, with a view to thereby directly or indirectly securing a benefit for the Bank.

6.6. The provisions of this Article shall also apply to undue pressure.

#### **Article 7 - OTHER RULES OF CONDUCT TO BE FOLLOWED WHEN LIAISING WITH THE PUBLIC ADMINISTRATION**

7.1. All Recipients are strictly barred and prohibited from misleading by deception any Public Administration or public entity whatsoever, with a view to thereby securing an undue benefit or advantage for the Bank to the detriment of others.

7.2. The undue advantage or benefit mentioned above may be direct or indirect in nature, and may well take the form of subsidies, facilitated loans, and other contributions, howsoever called, provided by the Italian government, local or regional public entities, or the European Communities.

7.3. For the intents and purposes hereof, “deception” shall mean any misrepresentation or dissimulation of fact intended to mislead, including false statements, the failure to report material facts subject to disclosure, deliberate silence in respect of circumstances subject to disclosure, etc.

7.4. All Recipients are strictly barred and prohibited from using or submitting false statements or forged or untruthful documents, and/or from omitting to report information subject to disclosure so as to obtain, in the interest or to the benefit of the Bank, subsidies, facilitated loans, and other contributions, howsoever called, provided by the Italian government, local or regional public entities, or the European Communities.

7.5. All Recipients are strictly barred and prohibited from using, with a view to thereby directly or indirectly securing an undue benefit or advantage for the Bank, any subsidies, facilitated loans, and other contributions, howsoever called, provided by the Italian government, local or regional public entities, or the European Communities for initiatives aimed for the construction of public works or the performance of activities in the public interest.

7.6. All Recipients are strictly barred and prohibited from altering, in any way whatsoever, the functioning of any computerised or electronic system, as well as from performing using any means whatsoever unauthorised operations on any data, information or software programmes stored in or pertaining to a computerised or electronic system, with a view to thereby directly or indirectly securing an undue benefit or advantage for the Bank, to the detriment of the Italian State or any public entity or undertaking.

7.7. For the intents and purposes of these rules of conduct, "computerised system" means a set of equipment and devices designed to perform one or more functions for the benefit of persons, entirely or partially through the implementation of information technology.

## **Article 8 - PROCEEDINGS**

8.1. Relationships with the Public Administration in operating areas found to be at risk must be managed on a case-by-case basis, with a specific manager being appointed for each such relationship or set of relationships (in the case where the same are very similar or repetitive in nature) underway in the said operating areas.

8.2. Each and every one of the corporate officers or managers placed in charge of liaising with the Public Administration, but not vested with specific delegated powers or responsibilities, shall be bound to:

- a) submit to his or her hierarchical superior timely and complete progress reports in respect of the related procedure;
- b) promptly report to his or her hierarchical superior, for further disclosure to the Supervisory Board, any behaviour on the part of the public counterparty aimed at obtaining favours and/or unlawful or unwarranted gifts in cash or kind, including in respect of third parties.

## **Article 9 - CONFLICT OF INTEREST**

9.1. Any person who is or becomes aware that a relationship underway with the Public Administration entails a conflict of interest between one or more of the Recipients and the Bank, without prejudice to further provisions as per the Internal Code of Conduct, shall be bound to immediately inform the Supervisory Board thereof in writing, specifying — to the best of his or her knowledge — the nature, terms, origin and extent of the conflict in question.

9.2. Any person who stands in a situation of conflict of interest shall also abstain from informing or shaping any decision whatsoever regarding matters pertaining to or underlying the said conflict.

#### **Article 10 - CONCLUSION OF AGREEMENTS**

- 10.1. Any and all agreements entered into with the Public Administration must be concluded in accordance with the relevant principles and procedures adopted by the Bank.
- 10.2. The standard economic and legal contractual terms and conditions drawn up by the Bank for application in respect of any counterparty that is a Public Administration entity, a public official or civil servant or an operator of a public service may not be departed from without good reason.
- 10.3. Authority to take part in private negotiations with the Public Administration and to manage the ensuing relationships vests solely with the relevant organisational unit.

#### **Article 11 - CONTRACTUAL TERMS AND CONDITIONS**

11.1. The standard contractual terms, including the general contractual terms, the standard-form contracts and the standard economic terms regulating, *inter alia*, fees and charges, shall be drawn up solely by the corporate officers and in-house bodies vested with specific responsibilities for the same under the system of internally delegated powers.

11.2. Any and all departures from the aforesaid standardised terms and conditions must be proposed and motivated in writing by the manager in charge of the relationship in question, and approved in writing by the relevant corporate function. This procedure need not be followed if, in drawing up the standard-form contract, the relevant corporate functions made provision for departures, setting limits to the extent of the same.

11.3. The text of any and all contracts that depart from the standardised terms and conditions shall be subject to prior approval by the relevant organisational units.

#### **Article 12 - COMPLIANCE: TECHNICAL AND ECONOMIC ASSESSMENTS**

12.1. The organisational unit in question shall always check the proper compliance with contracts, in accordance with the related in-house procedures.

#### **Article 13 - PAYMENTS**

13.1. Any and all transactions entailing the use or disbursement of financial or economic resources must be expressly motivated, documented and recorded in accordance with the rules of professional integrity and applicable accounting principles, so as to ensure that the related decision-making process can be traced and checked.

13.2. The grounds justifying the use of financial resources must be specified by the person seeking authorisation for the same, who must also vouch for the appropriateness of the amount in question. Persons authorised to incur expenses on the Bank's behalf shall be bound to fully account for the same. Cash payments must be avoided as far as possible.

13.3 Cash payments must be avoided as far as possible in favour of means of payment that can be subjected to verification aimed at ensuring authenticity. In such context, the Bank recommends direct bank remittances as the normal means of payment for transferring funds to the Bank itself or third parties, although in certain specific or exceptional cases other means of payment may also be deemed acceptable, provided that the requirements of reliability and authenticity are met.

#### **Article 14 - UNLAWFUL GIFTS IN CASH OR KIND**

14.1. All Recipients shall refrain from making undue cash payments to representatives of the Public Administration or from affording the latter benefits of any nature or kind whatsoever that could constitute one or more of the offences for which legal entities may vicariously incur corporate liability pursuant to Legislative Decree 231/01.

14.2. Any and all Recipients to whom explicit or implicit demands for benefits of any nature or kind whatsoever are addressed by the Public Administration or any individual or legal entity employed or acting on behalf of the Public Administration shall immediately suspend all contacts with the latter and report the said demands in writing to the Supervisory Board, as well as appropriate law-enforcement authorities where necessary.

14.3. No Recipient shall attempt to circumvent the provisions set forth in the preceding paragraphs by availing of other forms of largesse, such as contributions in the form of sponsorships, appointments, consultancy contracts, advertising, etc., for the purposes prohibited pursuant to this Article.

14.4. The provisions set forth in the preceding points shall not apply to ordinary and reasonable entertainment expenses, or gifts of little economic value that fall within the scope of normal practice in relations between banks and the Public Administration, provided, in any event, that no laws are broken.

#### **Article 15 - GIFTS**

15.1. All Recipients shall refrain from giving any gifts or presents falling outside the scope of in-house rules and the business practices adopted by the Bank.

15.2. In any event, gifts offered or received outside the scope of normal business practice or common social courtesy, or otherwise targeted at receiving preferred treatment in the conduct of any business activities whatsoever are strictly prohibited and will not be tolerated. The only gifts allowed are those of little economic value or those aimed at promoting artistic or cultural initiatives (e.g., the distribution of art books). Any and all gifts offered — apart from those of little economic value — must be adequately documented so as to allow for the required checks and audits.

15.3. No gift made to any Italian or foreign public official (including in countries where such gift-giving may be common or widespread) or any of the family members thereof may be of such a nature as to influence, even if only potentially, the independence of the judgement of the said public official, or induce the latter to secure any benefit whatsoever for the Bank.

#### **Article 16 - SELECTION OF CONTRACTUAL COUNTERPARTIES**

16.1. In respect of any representative of the Public Administration, no Recipient shall engage, during the course of any relationship underway with the latter for any reason

or cause whatsoever, in conduct that could even merely appear collusive in nature. Any and all contractual counterparties, including employees and consultants, shall be selected by the relevant organisational unit pursuant to transparent methods and in accordance with all applicable internal procedures.

16.2. Wherever possible in light of the nature and features of the service required, consultants shall be drawn from the lists of professionals accredited by the Bank and maintained by the relevant organisational unit, in accordance with specific internal procedures.

16.3. In the case where a person not included in any of the said lists is appointed as a consultant to the Bank, the reasons for the related decision must be expressly explained.

#### **Article 17 - PAYMENT OF FEES**

17.1. The fees billed by outside consultants and legal advisors shall be payable only if approved as appropriate in writing by the organisational unit in charge of assessing the quality of the service rendered and the proportionality of the fees billed. In any event, no outside consultant may be paid any fees that are not adequately justified in light of the type of service required and local practices.

17.2. Upon request, fees may also be paid in a country other than that in which the consultant resides, provided that all Italian and foreign tax and currency regulations are fully complied with.

#### **Article 18 - CONTROL OVER INFORMATION**

18.1. Data and information may be divulged outside the Bank, as deemed appropriate by the organisational unit that produced or processed the same, subject to prior authorisation from the relevant corporate function.

18.2. Wherever possible, use must be made of information contained in previously published notices.

18.3. In particular, statements made to national or community-level public entities for the purpose of obtaining subsidies, contributions or loans must be entirely truthful in all their parts. Copies of all the related documents must be stored in the Bank's records.

#### **Article 19 - INSPECTIONS**

19.1. Any and all matters pertaining to tax assessments, judicial investigations, and administrative enquiries must be dealt with only by the persons appointed for such purpose by the manager of the organisational unit in question. The aforesaid appointees shall give their immediate supervisors, as well as the Supervisory Board, prompt notice of the commencement of any investigation opened against the Bank. The appointees in question shall obtain copies of any and all minutes drawn up by the investigating authorities, where possible.

#### **Article 20 - PROTECTION OF THE FINANCIAL INTERESTS OF THE EUROPEAN UNION**

20.1. The provisions cited in this Title also apply to Institutions, Bodies and Public Entities of the EU or other EU Member States or foreign countries, as well as to international or supernatural public organisations, and to income, expenses and assets

that are covered or acquired or due by virtue of the budget of the European Union or the budgets of institutions, bodies and organisations of the European Union established under treaties or budgets directly or indirectly managed or controlled by the latter.

20.2. Also relevant for the purposes of the application of the provisions of this Title are not only public officials or public service providers within the Italian public administration, but also parties that perform the corresponding functions or activities within the institutions or bodies of the EU, entities established on the basis of the treaties establishing the EU or within other EU Member States, and parties performing the corresponding functions or activities within other foreign countries or international or supranational public organisations.

### **TITLE III – THE PREVENTION AND AVOIDANCE OF CYBERCRIME AND OFFENCES ARISING FROM UNLAWFUL DATA PROCESSING**

#### **Article 21 - GENERAL RULES OF CONDUCT**

21.1. All Recipients shall:

- a) refrain from committing or contributing in any way to the commission of any of the offences mentioned in Article 24-*bis* of Legislative Decree 231/01, or any breach of the principles and corporate procedures set forth in the document illustrating the Bank's Organisational and Management Model;
- b) be responsible for the proper use of the computer resources assigned to them, taking care to ensure that the same are never deployed for purposes falling outside the scope of their job descriptions and are maintained in good working order, it being understood that the Bank must be given timely notice of any and all instances of theft or damage;
- c) comply with the rules regulating the proper management of computerised systems, especially with regard to system security and the precautions to be implemented to avoid unauthorised access, refraining from behaviour that could result in security breaches or risks;
- d) notify the relevant corporate functions of any and all circumstances that could entail non-compliance with the requirements imposed pursuant to Article 24-*bis* of Legislative Decree 231/2001.

### **TITLE IV – PREVENTION AND AVOIDANCE OF CORPORATE OFFENCES**

#### **Article 22 - GENERAL RULES OF CONDUCT**

22.1. All Recipients shall:

- (a) refrain from committing or contributing in any way to the commission of any of the offences mentioned in Article 25-*ter* of Legislative Decree 231/01, or any breach of the principles and corporate procedures set forth in the document illustrating the Bank's Organisational and Management Model;
- (b) always act in a spirit of collaboration and in compliance with the principles of propriety and transparency, as well as all applicable statutory provisions and internal procedures, in the discharge of any and all activities aimed at drawing up the financial statements and other corporate notices, with a view to providing shareholders and third parties truthful and accurate information

regarding the balance sheet, profit and loss account and cash flow statement of the Bank and the Group;

- (c) act in a spirit of collaboration and in compliance with the principles of propriety and transparency, as well as all applicable statutory provisions and internal procedures, to safeguard the interests of investors, taking the utmost care and paying great attention to detail in gathering, processing and presenting data and figures pertaining to financial and banking products and services, as well as the related issuers, so as to enable investors to make informed investment decisions in light of not only the issuer's balance sheet, profit and loss account, cash flow statement and business trends but also the features of the related financial products and related rights;
- (d) strictly comply with all statutory provisions pertaining to the non-depletion and actual existence of the share capital, as well as any and all related internal rules deriving therefrom, with a view to safeguarding the interests of creditors, shareholders and third parties in general;
- (e) ensure not only that the Bank and its corporate bodies are able to operate smoothly, but also that management policies are duly monitored pursuant to law, and that corporate bodies are in a position to make policy decisions free from undue influence and with the support of full information;
- (f) comply with the rules regulating the proper pricing of financial instruments, abstaining from any conduct that could cause prices to depart significantly from levels justified in light of prevailing market conditions;
- (g) refrain from any behaviour that could entail insider trading;
- (h) refrain from effecting fictitious or otherwise fraudulent transactions, as well as from disseminating false or incorrect information that could result in significant changes in the prices of financial instruments;
- (i) comply with all applicable regulations and internal guidelines aimed at preventing the conducts contemplated in points (f) and (g) above, as well as regulating the processing of the information mentioned in point (f);
- (j) in a timely manner and in accordance with the principles of propriety and good faith, comply with all statutory and regulatory disclosure obligations towards oversight authorities, without obstructing the latter in the exercise of their supervisory functions;
- (k) comply with the principles of truthfulness and propriety in all dealings with the media and financial analysts.

22.2. All Recipients shall ensure that the Board of Statutory Auditors, as well as the Independent Auditors are afforded full freedom to exercise their statutory oversight powers, and more specifically, that the Board of Statutory Auditors and each of its members are in a position to carry out checks and inspections at any time.

22.3. Recipients shall refer any shareholder request for access to corporate records or documents to the organisational unit in charge of investor and shareholder relations.

### **Article 23 - OTHER PROHIBITED BEHAVIOUR**

23.1 All Recipients, and especially directors, are barred and prohibited from obstructing or hindering, through deception and obfuscation, the free exercise of the oversight or auditing powers statutorily vested in shareholders, specific corporate bodies or officers or the independent auditors, to the detriment of shareholders.

23.2. All Recipients, and especially directors, are barred and prohibited from returning, including through fictitious deeds and transactions, contributions in cash or kind made by shareholders, as well as from exempting the latter from the obligation to make the same, save for the purpose of effecting lawful share capital reductions.

23.3. All Recipients, and especially directors, are barred and prohibited from distributing dividends or making advance dividend payments in respect of profits not actually generated, or otherwise properly imputable to reserves, as well as from distributing reserves, whether made up of retained earnings or otherwise, save as permitted under law.

23.4. All Recipients, and especially directors, are barred and prohibited from occasioning, through the unlawful purchase or subscription of shares in the Bank or its parent company, any depletion whatsoever of the share capital or reserves not subject to distribution pursuant to law.

23.5. All Recipients, and especially directors, are barred and prohibited from effecting any transaction whatsoever that could result in share capital reductions or corporate mergers or de-mergers that could prove prejudicial to the interests of creditors.

23.6. All Recipients, and especially directors, are barred and prohibited from fictitiously constituting or increasing the Bank's share capital through the assignment of shares below par value, the mutual subscription of shares, the overvaluation of receivables, assets in kind, or shareholders' equity in the case of corporate transformations.

23.7. All Recipients are barred and prohibited from fictitiously or fraudulently determining the majority at shareholders' meetings.

23.8. All Recipients, and especially directors, general managers, members of the Board of Statutory Auditors, receivers and any and all persons and parties bound to comply with disclosure obligations towards public oversight authorities are barred and prohibited from including in any statutory disclosures forwarded to the said authorities any material misstatements of fact whatsoever, even with regard to matters involving assessments and opinions pertaining to the balance sheet, profit and loss account or cash flow statement of any reporting entity subjected to oversight, as well as from concealing, in whole or in part, through other fraudulent means, material facts that ought to have been disclosed in respect of the same. The aforementioned Recipients and other persons and parties are further barred and prohibited from obstructing oversight authorities acting in the discharge of their supervisory duties, including by failing to make the disclosures required under law.

23.9. Receivers must not occasion prejudice to creditors' rights by distributing corporate assets to shareholders before satisfying creditors or making sufficient provision for such purpose.

**TITLE V – PREVENTION AND AVOIDANCE OF MONEY AND SECURITIES COUNTERFEITING OFFENCES, OFFENCES OF TERRORISM OR THE SUBVERSION OF THE DEMOCRATIC ORDER, OFFENCES AGAINST THE PERSON AND CRIMINAL ORGANISATION OFFENCES, FRAUD IN SPORTING COMPETITIONS, UNLAWFUL EXERCISE OF GAMING, GAMBLING OR BETTING THROUGH PROHIBITED DEVICES AND SMUGGLING**



## **Article 24 - GENERAL RULES OF CONDUCT**

24.1. All Recipients are barred and prohibited from counterfeiting legal tender, legal stamps, and the watermarked paper used for manufacturing public debt certificates or legal stamps, as well as from spending, acquiring, placing on the market or in circulation within the territory of Italy counterfeit legal tender or legal stamps, and from making use of counterfeit or altered legal stamps.

24.2. All Recipients are barred and prohibited from organising, participating in or otherwise facilitating the commission of offences of terrorism and subversion of the democratic order.

24.3. All Recipients are barred and prohibited from aiding abetting or otherwise participating in the commission of offences against personal freedom such as the reduction of persons into slavery, illegal intermediation and exploitation of labour, or the exploitation of children through prostitution and/or pornography.

24.4. All Recipients are barred from promoting, setting up or participating in criminal organisations, in general, and especially if the latter engage in narcotics and/or people trafficking, slavery-related offences and/or racketeering and Mafia-type activities.

24.5. All Recipients are barred from facilitating or participating in the commission of smuggling.

24.6. More specifically, all Recipients are barred and prohibited from providing or directly or indirectly raising funds for the specific purpose of furthering the commission of terrorist, subversive offences, criminal organisation offences and offences against the person or otherwise knowing that they will be used for such purpose, fraud in sporting competitions, unlawful exercise of gaming, gambling or betting through prohibited devices and smuggling.

## **TITLE VI – PREVENTION AND AVOIDANCE OF MARKET ABUSE OFFENCES AND CRIMES**

### **Article 25 - GENERAL RULES OF CONDUCT**

25.1. All Recipients shall:

- (a) refrain from committing or contributing in any way to the commission of any of the offences mentioned in Article 25-*sexies* of Legislative Decree 231/01, or any breach of the principles and corporate procedures set forth in the document illustrating the Bank's Organisational and Management Model;
- (b) comply with the rules regulating the proper pricing of financial instruments, abstaining from any conduct that could cause prices to depart significantly from levels justified in light of prevailing market conditions;
- (c) refrain from conspiring with one or more individuals to acquire a long or short position in respect of a financial instrument, in such manner so as to directly or indirectly fix the price at which the said financial instrument is traded or otherwise distort market or trading conditions;
- (d) refrain from effecting fictitious or otherwise fraudulent transactions, as well as from disseminating false or incorrect information that could result in significant

- changes in the prices of financial instruments;
- (e) upon becoming aware of inside information concerning the Bank and/or any its subsidiaries, immediately inform the relevant corporate functions thereof;
  - (f) when involved in the drawing up of the information prospectuses aimed at attracting investors or securing listing on regulated markets, and/or the documents to be published in connection with takeover bids or share exchanges, shall ensure that the said prospectuses and other documents are not misleading to the addressees thereof, but completely free of material misstatements or concealments of fact;
  - (g) in a timely manner and in accordance with the principles of propriety and good faith, comply with all statutory and regulatory disclosure obligations towards Consob in respect of transactions that could reasonably be deemed to entail an insider trading and/or market manipulation;
  - (h) comply with the principles of truthfulness and propriety in all dealings with the media and financial analysts.

## **TITLE VII - PREVENTION AND AVOIDANCE OF OFFENCES COMMITTED BY WAY OF NON-COMPLIANCE WITH OCCUPATIONAL HEALTH AND SAFETY REGULATIONS**

### **Article 26 - GENERAL RULES OF CONDUCT**

26.1. All Recipients shall:

- (a) refrain from committing or contributing in any way to the commission of any of the offences mentioned in Article 25-*septies* of Legislative Decree 231/01, or any breach of the principles and corporate procedures set forth in the document illustrating the Bank's Organisational and Management Model;
- (b) scrupulously follow all the rules and regulations governing the proper management of accident-prevention and safety procedures, including the procedures introduced from time to time to contain biological risks (e.g., Covid-19-related risks) within the work environment, whilst refraining from behaviour that could result in non-compliance with the relevant requirements;
- (c) notify the relevant corporate functions of any and all circumstances that could entail non-compliance with the requirements imposed pursuant to Article 25-*septies* of Legislative Decree 231/2001.

26.2 Procedures for the conclusion of tender contracts for the supply of services must be applied and implemented in strict compliance with occupational health and safety regulations.

## **TITLE VIII – PREVENTION AND AVOIDANCE OF OFFENCES INVOLVING THE RECEIVING, LAUNDERING, AND/OR USING UNLAWFULLY OBTAINED MONIES OR OTHER PROPERTY AND/OR BENEFITS, AS WELL AS SELF-LAUNDERING**

### **Article 27 - GENERAL RULES OF CONDUCT**

27.1. All Recipients shall:

- (a) refrain from committing or contributing in any way to the commission of any of

the offences mentioned in Article 25-*octies* of Legislative Decree 231/01, or any breach of the principles and corporate procedures set forth in the document illustrating the Bank's Organisational and Management Model;

- (b) in a timely manner and in accordance with the principles of propriety and good faith, as well as the relevant internal procedures, comply with all the statutory reporting obligations towards the Financial Intelligence Unit (UIF – Unità di Informazione Finanziaria) in respect of transactions that could reasonably be deemed to entail the commission of an offence involving the receiving, laundering and/or using unlawfully obtained monies or other property and/or benefits;
- (c) in a timely manner and in accordance with the principles of propriety and good faith, as well as the relevant internal procedures, comply with all the statutory reporting obligations towards the Ministry of the Economy and Finance, in respect of violations of the restrictions imposed on the use of cash and bearer certificates under applicable regulations.

## **TITLE IX – PREVENTION AND AVOIDANCE OF OFFENCES IN BREACH OF COPYRIGHT INFRINGEMENT**

### **Article 28 - GENERAL RULES OF CONDUCT**

28.1. All Recipients are barred from committing or in any way contributing towards the commission of any offence falling within the scope of Article 25-*novies* of Legislative Decree 231/01 by accessing the Bank's IT networks or using corporate assets.

28.2. More specifically, all Recipients are required to refrain from:

- (a) disseminating, in any manner or form whatsoever, any intellectual property that is not earmarked for publication;
- (b) reproducing, possessing or unlawfully disseminating, in any manner or form whatsoever, software or audiovisual or literary works;
- (c) possessing any means whatsoever suitable for removing or circumventing software protection and security systems;
- (d) reproducing databases on support media devoid of the Italian Society of Authors and Publishers (SIAE) markings;
- (e) disseminating databases in any manner or form whatsoever without authorisation from the copyright holder or, otherwise, in breach of restrictions imposed by the manufacturer;
- (f) removing or altering digital data embedded in copyright protected works, or appearing on the labels and/or advertising and promotional materials of such works, specifying the copyright regime to which the works are subject;
- (g) importing, promoting, installing, marketing, modifying or using decoders of audiovisual broadcasts subject to conditional access, even if the same are receivable free of charge.

28.3. Each person assigned IT resources (such as desktop and laptop PCs, as well as other devices) shall be responsible for the use of the same in accordance with internal procedures and requirements.

## **TITLE X – PREVENTION AND AVOIDANCE OF OFFENCES ENTAILING OBSTRUCTION OF JUSTICE**

## **Article 29 - GENERAL RULES OF CONDUCT**

29.1. All Recipients are barred from committing or in any way contributing towards the commission of any of the offences mentioned in Article 25-*decies* of Legislative Decree 231/01 with a view to unduly promoting the Bank's interests by attempting, through threats or violence or otherwise offers or promises of money or other benefits, to suborn perjury or intimidate or tamper with witnesses or potential witnesses in criminal trials.

29.2. The conduct described in the preceding paragraph shall entail disciplinary sanctions even if the perpetrator acted under orders or instructions imparted by a superior, it being understood that in no event may compliance with a superior's instructions be invoked as an excuse for unlawful behaviour.

## **TITLE XI – PREVENTION AND AVOIDANCE OF ENVIRONMENTAL OFFENCES**

### **Article 30 - GENERAL RULES OF CONDUCT**

30.1 All Recipients are barred from engaging in, aiding or abetting or otherwise instigating or encouraging any behaviour whatsoever that may entail the commission of one of the environmental offences falling within the scope of Legislative Decree 231/01.

30.2 All Recipients are also bound to comply with environmental regulations, with specific reference to: a) the grouping and temporary storage of waste by classification; b) the delivery of hazardous waste to hauliers in charge of further disposal; c) requiring all suppliers to issue a "Product Hazard Notice Sheet" and the relevant EWC code to be used for disposal purposes, in respect of each and every product, machine or piece of equipment which, at the end of its life-cycle, could be classified as potentially hazardous to the environment; d) taking due account of the environmental risk in creditworthiness assessments and supplier evaluations.

## **TITLE XII – PREVENTION AND AVOIDANCE OF OFFENCES INVOLVING THE EMPLOYMENT OF ILLEGAL ALIENS**

### **Article 31 - GENERAL RULES OF CONDUCT**

31.1 All Recipients are barred from committing or in any way contributing towards the commission of any of the offences mentioned in Article 25-*duodecies* of Legislative Decree 231/01.

31.2 Recipients serving the human resources department and the administrative department in charge of employees and Financial Advisors, respectively, must verify and oversee — prior to staff selection and in the management of relationships with Financial Advisors and other agents — compliance with applicable statutory provisions.

## **TITLE XIII – PREVENTION AND AVOIDANCE OF TAX OFFENCES**

### **Article 32 - GENERAL RULES OF CONDUCT**

32.1 All Recipients shall refrain from committing or contributing towards the commission of any of the offences falling within the scope of Article 25-*quinquiesdecies*

of Legislative Decree 231/2001.

32.2 The Recipients shall always act in a spirit of collaboration and in compliance with the principles of propriety and transparency, as well as all applicable statutory provisions and internal procedures in all activities involving the identification of company operating events relevant to the accounts, management of the associated accounting activities, the calculation and verification of taxes and the filing of tax returns, in addition to management of obligations relating to transfer pricing, complying with applicable legislation when determining transfer prices in intercompany transactions.

32.3 The Recipients shall act in a spirit of collaboration and in compliance with the principles of propriety and transparency, as well as all applicable statutory provisions and internal procedures in all activities relating to management of the accounts payable cycle, including the selection of suppliers, as well as the management of assessments and/or inspections by the competent authorities.

32.4 The Recipients shall act in a spirit of collaboration and in compliance with the principles of propriety and transparency, as well as all applicable statutory provisions and internal procedures in all other activities not indicated above with an impact on administrative, accounting and tax processes, such as management of expense notes and reimbursements in the event of business trips or travel by personnel, management of gifts, sponsorships, donations and entertainment expenses, management of collections and payments, and management of information systems.

32.4 The Recipients are also prohibited from: a) recording false invoices or documents or those relating to non-existent transactions in the accounting records; b) presenting false invoices or documents or those relating to non-existent transactions as evidence to the revenue authorities; c) obstructing assessments by the revenue authorities; d) issuing, releasing and recording in the accounts inaccurate invoices or other documents referring to non-existent transactions; e) concealing or destroying, in whole or in part, accounting records or documents that must be kept; f) undertaking sham conveyances or other fraudulent acts involving own or third-party property in order to exclude them from any enforcement procedures; g) presenting inaccurate documentation for any ongoing tax settlement procedures in order to obtain a partial payment of taxes and the related accessory amounts for themselves or others; h) indicating in tax returns untruthful elements and, more generally, filing untruthful tax returns; i) failing to file tax returns with the intention of evading taxes; and l) setting off taxes due against credits not due or not existing with the intention of not paying the taxes due.

## **TITLE XIV - OVERSIGHT AND PREVENTION OF INFRINGEMENTS**

### **Article 33 - DISCIPLINARY SANCTIONS FOR ATTEMPTS**

33.1. All Recipients who, by commission or omission, deliberately attempt to breach the rules of conduct set forth herein, shall be held liable to the imposition of disciplinary sanctions on the part of the Bank, even if the rules are not in fact broken or the commission or omission is not carried out.

### **Article 34 - INTERNAL CONTROLS**

34.1. The organisational units in charge of monitoring and overseeing compliance in

respect of the performance of the activities mentioned in the preceding Articles shall focus particularly on implementation and shall immediately report any and all irregularities and non-conformities to the Supervisory Board.

34.2. Without prejudice to its discretionary power to undertake specific inspections, especially in light of the reports it receives, the Supervisory Board shall periodically carry out random checks on the Bank's operations with a view to verifying that the same are properly performed in compliance with the rules set forth in the Model.

34.3. The Supervisory Board shall be afforded unrestricted access to all the corporate documents and records it may request or require for the purpose of carrying out the aforesaid checks.

#### **Article 35 - CLAIMS FOR COMPENSATORY DAMAGES**

35.1 Should the legal function determine that the Bank can be shown to have sustained prejudice as a result of the commission of one or more offences included within the scope of Legislative Decree 231/01 by any Recipient who can be proven liable for the same, the said function shall immediately advise the appropriate corporate bodies and officers in respect of the feasibility of legal action targeted at claiming compensatory damages against the Recipient in question.

#### **Article 36 - DISCIPLINARY PROCEEDINGS**

36.1 In the case where an employee engages in behaviour amounting to:

- a) the commission or attempted commission of one or more of the offences falling within the scope of Legislative Decree 231/01,
- b) or a violation of the provisions set forth in the Model,

in the event the human resources function determines that there is sufficient evidence to establish the said employee's liability in such regard, the aforementioned function shall commence disciplinary proceedings against the employee in question, either on its own initiative or at the behest of the Supervisory Board.

36.2. Disciplinary proceedings and the imposition of sanctions in respect of infringements of this Model shall be regulated in strict accordance with the provisions of Article 7 of Law 300 of 20 May 1970 and relevant clauses of all applicable employment contracts and agreements.

36.3. Strict application must also be made of all the procedures provided for in Article 7 of Law 300 of 20 May 1970, as well as pursuant to any and all applicable employment contracts and agreements, in respect of the right of any and all persons subjected to disciplinary action to adduce exculpatory evidence and raise a proper defence.

#### **Article 37 - DISCIPLINARY SANCTIONS**

37.1. The corporate function in charge of enforcing this Model shall impose disciplinary sanctions commensurate with the seriousness of the infringements in question, regardless of whether or not criminal charges are brought against the perpetrator.

37.2. The aforesaid disciplinary sanctions shall be determined and applied in compliance with the principles of proportionality and appropriateness taking due account of the infringement in question, and in strict accordance with the applicable

provisions of Article 7 of Law 300 of 20 May 1970 and the relevant employment contracts and agreements.

**Article 38 - DISSEMINATION AND IMPLEMENTATION OF THE MODEL PURSUANT TO LEGISLATIVE DECREE 231/01**

38.1. The Bank undertakes to effect service of this Model and all the related implementing provisions on all Recipients who shall be required to issue a written receipt for the same.

38.2. The Bank shall inform all Recipients of the date as of which the Model and related implementing provisions are to take effect, and that failure to comply with the rules contained herein shall attract the imposition of the disciplinary sanctions specified in the Model itself.

38.3. All the persons and parties involved shall be notified of the specific provisions contained in the Model, dealing with disciplinary measures.

38.4. The Bank shall implement the principles and restrictions laid down in this Model either pursuant to the internal rules and procedures already in force within its corporate structures, or through new organisational protocols drawn up with specific reference to the provisions set forth in Legislative Decree 231/2001.

38.5. The Bank shall ensure that this Model is brought to the notice of all directly and indirectly interested persons and parties.

## 2. DISCIPLINARY FRAMEWORK

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2.1 SANCTIONS APPLICABLE TO EMPLOYED PROFESSIONALS AND EXECUTIVES – 2.2. SANCTIONS APPLICABLE TO MANAGERS - 2.3 SANCTIONS APPLICABLE TO DIRECTORS - 2.4 SANCTIONS APPLICABLE TO FINANCIAL ADVISORS – 2.5 SANCTIONS APPLICABLE TO OTHER RECIPIENTS

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### 2.1 SANCTIONS APPLICABLE TO EMPLOYED PROFESSIONALS AND EXECUTIVES

Pursuant to applicable regulations, the Bank intends to inform all its employees of the provisions and rules of conduct laid down in the Model, which, if breached, entail the imposition of disciplinary sanctions commensurate with the seriousness of the infringements in question.

Without prejudice to the Bank's obligations pursuant to the Italian Charter of Workers' Rights, disciplinary sanctions for infringements of the Model shall be applicable as follows:

1. an "oral reprimand" in the case of an infringement of any of the internal procedures laid down in the Model (e.g., failure to comply with required procedures, failure to comply with reporting obligations towards the Supervisory Board, failure to carry out required checks, etc.) or non-compliance with the rules of conduct set forth in the Model, in the performance of activities in sensitive areas, it being understood that the aforesaid behaviour shall be deemed to constitute non-compliance with instructions imparted by the Bank;
2. a "written reprimand" in the case of repeated infringements of any of the procedures laid down in the Model, or repeated non-compliance with the rules of conduct set forth in the Model, in the performance of activities in sensitive areas, it being understood that the aforesaid behaviour shall be deemed to constitute repeated non-compliance with instructions imparted by the Bank;
3. "suspension without pay for no more than 10 (ten) days" in the case of an infringement of any of the internal procedures laid down in the Model or any failure, in the course of the performance of activities in sensitive areas, to comply with the rules of conduct set forth in the Model, as a result of which the Bank stands exposed to harm, prejudice or situations of potential danger, or any further repetition of the conduct mentioned in point 2 above, it being understood that any and all of the aforesaid behaviour shall be deemed to constitute non-compliance with instructions imparted by the Bank, potentially entailing harm or prejudice to the latter's assets and/or interests, and/or exposing the same to liability for fines and/or the imposition of suspensions or other restrictive measures;
4. "dismissal for good reason" in the case of a gross breach of the Model by subjective reason of non-compliance with the rules of conduct therein contained, in the course of the performance of activities in sensitive areas, engaged in for the unambiguous purpose of committing one or more of the offences falling within the scope of Legislative Decree 231/01, or otherwise resulting in the actual imposition of punitive measures on the Bank pursuant to Legislative Decree 231/01, it being understood that the aforesaid behaviour shall be deemed to constitute a gross breach of the instructions imparted by the Bank and/or a serious violation of the employee's obligation to always act in the interests of the Bank;
5. "dismissal for cause" in the case of a gross breach of the Model by reason of



non-compliance with the rules of conduct therein contained in the course of the performance of activities in sensitive areas, engaged in for the unambiguous purpose of committing one or more of the offences falling within the scope of Legislative Decree 231/01, or otherwise resulting in the actual imposition of punitive measures on the Bank pursuant to Legislative Decree 231/01, or any repetition of the conduct sanctioned under point 3 above, if engaged in for the first part, it being understood that any and all such behaviour shall be deemed as occasioning serious prejudice to the Bank, leading the latter to lose all trust in the employee.

The type and severity of the aforesaid sanctions shall be determined in each case, taking due account of, *inter alia*:

- the intentionality of the behaviour or the level of negligence, recklessness or carelessness involved, including in light of the foreseeability of the event;
- the overall behaviour of the employee, with specific reference to whether or not he or she has already been subjected to disciplinary measures, within the limits established under law;
- the employee's job description;
- the functional positions and the levels of responsibility and decision-making autonomy of the persons involved in the facts constituting the infringement;
- any and all other particular circumstances surrounding the infringement.

Responsibility for the concrete application of the aforesaid disciplinary measures shall vest in the Head of the Human Resources function, who shall impose the same in accordance with the recommendations, if any, of the Supervisory Board, after also hearing the opinion of the direct supervisor of the perpetrator of the infringement in question. The Supervisory Board shall, in concert with the Head of the Human Resources function, verify and assess the appropriateness of the disciplinary framework within the meaning and for the intents and purposes of Legislative Decree 231/01.

## **2.2 SANCTIONS APPLICABLE TO MANAGERS**

Upon being apprised of any infringement of the provisions and rules of conduct set forth in the Model, allegedly committed by one or more managers, as no "conservative" disciplinary measure is envisaged by the relevant collective agreement due to the special fiduciary obligation imposed on this category of employees, the Company will assess whether the aforementioned violations constitute adequate grounds for termination of the employment.

## **2.3 SANCTIONS APPLICABLE TO DIRECTORS**

Upon being apprised of any infringement of the provisions and rules of conduct set forth in the Model, allegedly committed by one or more members of the Board of Directors, the Supervisory Board shall notify all the members of the Board of Directors thereof forthwith. The corporate officers who receive such notification from the Supervisory Board shall be free to take whatever action they deem fit pursuant to the Articles of Association, including the calling of a Shareholders' Meeting, to determine the most appropriate measures to be adopted under law. In particular, the Board of Statutory Auditors is responsible for informing Consob of irregularities that have occurred.

The Supervisory Board shall also inform the Internal Audit and Risk Committee.

## **2.4 SANCTIONS APPLICABLE TO FINANCIAL ADVISORS**

Infringements committed by persons belonging to the Network of Financial Advisors shall be referred, including, but not necessarily, at the behest of the Supervisory Board, to the relevant corporate functions which shall determine the disciplinary or contractual sanctions, if any, to be imposed in accordance with the provisions set forth in the "Disciplinary Procedure for Financial Advisors."

Any and all infringements by any person belonging to the said Network of statutory provisions or any of the general principles set forth herein or the rules of conduct contained in the Internal Code of Conduct, and/or the commission by any such person of any offence falling within the scope of Legislative Decree 231/01, shall be subject to disciplinary measures pursuant to the relevant clauses set forth in the related contracts. Any breach of the Financial Advisor's obligations specified in the agency agreement shall constitute grounds for immediate termination of such agreement.

The Bank reserves the right, in any event, to seek damages in the case where the unlawful behaviour in question results in actual harm or losses, or the imposition of punitive measures on the latter, pursuant to Legislative Decree 231/2001.

## **2.5 SANCTIONS APPLICABLE TO OTHER RECIPIENTS**

Any and all infringements by any other recipient from outside the Company, such as self-employed persons and quasi-employees, professionals, consultants, suppliers and commercial partners, of any of the rules of conduct applicable to the latter pursuant to the Model, and/or the commission by any such person of any offence falling within the scope of Legislative Decree 231/01, shall be subject to disciplinary measures pursuant to the relevant clauses set forth in the related contracts. The said clauses provide for sanctions such as termination of the contract.

The Bank reserves the right, in any event, to seek damages in the case where the unlawful behaviour in question results in actual harm or losses, or the imposition of punitive measures on the latter, pursuant to Legislative Decree 231/2001.