

GUIDELINES

Guidelines for combating money laundering and terrorist financing and for managing embargoes

EFFECTIVE FROM	BoD APPROVAL	TYPE OF CHANGE
28/11/2023	Yes	Update

OWNER

- ANTI FINANCIAL CRIME HEAD OFFICE DEPARTMENT

RECIPIENTS

- Intesa Sanpaolo Group

PROCESS TAXONOMY

Risks and Controls Management
Foreign Network / Headquarter Governance Documents / Governance Documents / Guidelines / Risks and Controls Management

REGULATION CONCERNING SENSITIVE AREAS PURSUANT TO THE ITALIAN LEGISLATIVE DECREE NO. 231/01

RISK AREA	PROTOCOL
Offences against the public administration Offences against the Public Administration	Management of relations with the Supervisory Authorities
Receipt of stolen goods, money laundering and use of unlawfully obtained money, goods or benefits, as well as self-laundering	Financial fight against terrorism and money laundering
Tax crimes	Management of risks and obligations for the purposes of preventing tax crimes
Crimes with the purpose of terrorism or subversion of the democratic order, organised crime, transnational crimes and crimes against the person, as well as sports fraud and illegal betting or gaming	
Computer crimes and the unlawful use of non-cash payment instruments	Management and use of the Group's IT systems and Information assets

RULES/PROCESSES DEEMED SIGNIFICANT FOR FINANCIAL REPORTING RISK PURPOSES (LAW 262/05)

Not Significant

SUMMARY OF THE CHANGES

- Updating of regulatory sources to the intervening developments in external regulations (par. 1);
- introduction of the figure of the Member of the Management Body Responsible for AML/CFT of the Bank and the Group, attributed to the Managing Director and CEO, in line with the provisions of the Bank of Italy's Provision of August 1, 2023, issued in implementation of the European Banking Authority's Guidelines on policies and procedures on compliance management and the role and responsibilities of the Anti-Money Laundering Officer (par. 2 and 3.2);
- adaptation of the duties and responsibilities of the Head of Anti-Money Laundering and the activities of the Anti Financial Crime Head Office Department to the contents of the aforementioned Bank of Italy Provision (par. 3.4.1, 3.4.1.1 and 3.4.1.2);
- supplementing of the tasks and responsibilities of the Functions involved in the supervision of risk in the areas of money laundering, terrorist financing and violation of embargoes as a result of the adjustments made to the document and the organizational changes that have occurred (par. 3);
- updates to the operational model of due diligence with the introduction of the Customer Profiling and due Diligence Methods Supervision Board (par. 3.4.1.6), the strengthening of the safeguards on review processes (par. 4.9.1) and the integration, even taking into account the EBA Guidelines on risk factors, of the types of customers/relationships/transactions considered to be at higher risk (par. 4.9.1.4);
- definition of the model for overseeing remote customer identification and onboarding processes in line with the provisions of the EBA Guidelines on the use of remote customer onboarding solutions (par. 4.9.1.2.1);
- alignment with the provisions of the European Banking Authority Guidelines on policies and controls for the effective management of money laundering and terrorist financing risks when providing access to financial services (par. 4.9.1.6);
- refinements in the macro-processes of record-keeping (par. 4.9.2) and monitoring the transfer of funds (par. 4.9.3.1);
- inclusion in the country risk management safeguards of the limits on operations provided for certain types of customers (par. 4.9.5.1);
- reference, in the macro-process of specific obligations, to the assessments made by the Anti-Financial Crime Head Office Department in the outsourcing outside the Group of activities attributable to obligations in the area of combating money laundering and financing of terrorism and in the area of embargoes (par. 4.9.6);
- integration in the macro-process of information flows to the Corporate Bodies of the flows envisaged towards the figure of the Member of the Management Body Responsible for AML/CFT (par. 4.10);
- adjustments in the centralised management models of supervision and in the direction, coordination and control model in line with the provisions of the aforementioned Bank of Italy Provision of August 1, 2023, with particular reference to the assignment to the figure of the Member of the Management Body/Senior Manager Responsible for AML/CFT of the role of Internal AML Referent for the Italian Banks and Companies to which the centralized management model is applied (par. 5.1 and 5.2);
- definition of the strategic partnerships monitoring model (par. 5.3).

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INTRODUCTION

The Intesa Sanpaolo Group acknowledges the strategic significance of monitoring compliance risk and conduct risk, included in the governance system for combating money laundering (the so-called “Anti-Money Laundering” or “AML”) and terrorist financing (the so-called “Counter-Terrorist Financing” or “CTF”) and for the management of embargoes (the so-called “Financial Sanctions”).

These Guidelines identify the applicable standards and define the risk management model regarding money laundering, terrorist financing and breach of embargoes of Intesa Sanpaolo, setting out:

- the general principles of the governance model;
- the roles and responsibilities of the corporate Bodies and Structures involved
- the macro-processes for combating money laundering and terrorist financing and for managing embargoes;
- the governance methods of the Group Banks / Companies and of the Foreign Branches.

The Guidelines are reviewed on an annual basis and any amendments are subject to the approval of the Board of Directors, after review by the Risks and Sustainability Committee and Management Control Committee.

The Guidelines are set out in operational terms in the Rules for Managing Compliance Macro-Processes (“Compliance Rulebook”) and in the Company Rules on anti-money laundering, combating terrorist financing and managing embargoes, which define specific, individual obligations. The Compliance Rulebook is reviewed at least annually, in keeping with organisational and operational changes to the risk management model for money laundering, terrorist financing and the breach of embargoes, and any changes are approved by the Chief Compliance Officer and put to the attention of the Management Control Committee. The Compliance Rulebook is issued with an Internal Note of the Chief Compliance Officer.

The Guidelines constitute the Anti-Money Laundering Policy stipulated by the relevant regulations and contain the items defined by the latter referable to the Anti-Money Laundering Manual.

“Money laundering” means:

- the conversion or transfer of assets, carried out in the knowledge that they originate from criminal activity or from participation in such activity, for the purpose of concealing or disguising the unlawful origin of the assets or assisting anyone involved in this activity to avoid the legal consequences of their actions. Money laundering also means the use and hiding of the proceeds of unlawful origin by persons who committed the offence generating the proceeds (“self-laundering”);
- concealing or disguising of the true nature, origin, location, availability, movement, ownership of the assets or the rights thereto, carried out in the knowledge that they originate from criminal activity or from participation in such activity;
- purchase, holding or use of assets, in the knowledge, at the time of their receipt, that said assets originate from criminal activity or from participation in such activity;
- participation in one of the actions referred to in the above points, association for the purpose of committing said action, attempt to perpetrate it, assisting, instigating or advising someone to commit it or facilitating its execution.

“Terrorist financing” means any activity directed, using any means, at providing, collecting, funding, brokering, depositing, keeping safe or disbursing, in any way, funds or economic resources, directly or indirectly, in whole or in part, destined to be used to carry out one or more types of behaviour, for the purpose of terrorism in accordance with criminal laws, regardless of whether the funds or economic resources are actually used for committing said actions.

“Embargo” means the ban on trade and exchange with Countries subject to sanctions, in order to isolate and put their governments in a difficult position with regard to their domestic policy and economy.

1 LEGAL FRAMEWORK

1.1 *The regulatory framework on anti-money laundering and combating terrorist financing*

The main legislation on preventing and combating money laundering and terrorist financing may be classified as follows:

- EU legal instruments;
- primary and secondary Italian legislation.

Main European Union law is as follows:

- Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 (the “IV Directive”) on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC;
- Directive (EU) 2018/843 of the European Parliament and of the Council of 30/05/2018 (“V Directive”), amending Directive EU 2015/849;
- Directive (EU) 2018/1673 of the European Parliament and of the Council of 23/10/2018 on combating money laundering by criminal law;
- Regulation (EU) 2015/847¹ of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds and repealing Regulation (EC) no. 1781/2006;
- Commission Delegated Regulation (EU) 2016/1675, as amended, supplementing the IV Directive by identifying high-risk third Countries with strategic deficiencies;
- Commission Delegated Regulation (EU) 2019/758 supplementing the IV Directive with regard to regulatory technical standards for the minimum action and the type of additional measures credit and financial institutions must take to mitigate money laundering and terrorist financing risk in certain third Countries (outside the European Economic Area, the “non-EEA Countries”);
- European Banking Authority Guidelines on customer due diligence and the factors credit and financial institutions should consider when assessing the money laundering and terrorist financing risk associated with individual business relationships and occasional transaction (EBA/GL/2021/02)²;
- European Banking Authority Guidelines on policies and procedures in relation to compliance management and the role and responsibilities of the AML/CFT Compliance Officer under Article 8 and Chapter VI of Directive (EU) 2015/849 (EBA/GL/2022/05);
- European Banking Authority Guidelines on the use of Remote Customer Onboarding Solutions under Article 13(1) of Directive (EU) 2015/849 (EBA/GL/2022/15)³;
- European Banking Authority Guidelines on policies and controls for the effective management of money laundering and terrorist financing (ML/TF) risks when providing access to financial services (EBA/GL/2023/04)⁴;
- Guidelines amending Guidelines EBA/2021/02 on customer due diligence and the factors credit and financial institutions should consider when assessing the money laundering and terrorist financing risk associated with individual business relationships and occasional transactions (EBA/GL/2023/03 - Guideline on customers that are not-for-profit organisations)⁵;

and, specifically, on money laundering and terrorist financing:

- Council Regulation (EC) No 2580/2001 of 27 December 2001 on specific restrictive measures directed against certain persons and entities with a view to combating terrorism;

¹ This Regulation will be replaced as of 30 December 2024 by Regulation (EU) 2023/1113 of the European Parliament and of the Council of 31 May 2023.

² Implemented by the Bank of Italy with Notice no. 15 of 4 October 2021.

³ Implemented by the Bank of Italy with Notice no. 32 of 13 June 2023.

⁴ Implemented by the Bank of Italy with Notice no. 34 of 3 October 2023.

⁵ Implemented by the Bank of Italy with Notice no. 35 of 3 October 2023 and effective from 1 March 2024.

- Council Regulation (EC) No 881/2002 of 27 May 2002 imposing certain specific restrictive measures directed against certain persons and entities associated with Usama bin Laden, the Al-Qaida network and the Taliban.

The main primary Italian laws are set out in the following decrees:

- Legislative Decree no. 231/2007, as amended by Legislative Decree no. 125/2019, aligning Italian legislation on anti-money laundering implementing the V Directive, and finally by Law no. 120/2020 and by Law no. 15/2022 and by Decree-Law no. 104/2023 converted by Law no. 136/2023;
- Legislative Decree no. 109/2007 as amended by Legislative Decree no. 90/2017, on measures to prevent, combat and repress the financing of international terrorism, establishing obligations to disclose frozen assets and resources and to report suspicious transactions;
- Legislative Decree no. 195/2021 implementing Directive (EU) 2018/1673.

The main secondary legislation, issued by the Bank of Italy and the Financial Intelligence Unit (“FIU”), is contained in the following:

- Regulation of 24 August 2010 on anomaly indicators for intermediaries to facilitate the identification of suspicious transactions⁶;
- Regulation of 26 March 2019 on implementing provisions regarding the organisation, procedures and internal controls to prevent the use of intermediaries and other entities performing financial activities for the purposes of money laundering and terrorist financing as amended by the Regulation of 1 August 2023⁷;
- Regulation of 28 March 2019 on instructions concerning objective notices;
- Regulation of 30 July 2019 on implementing provisions concerning customer due diligence as amended by the Regulation of 13 June 2023;
- Regulation of 24 March 2020 containing implementing provisions for the conservation and availability of documents, data and information for combating money laundering and terrorist financing;
- Regulation of 25 August 2020 containing provisions for sending aggregate anti-money laundering reports.

The assessment of money laundering and terrorist financing risks is also incorporated within the framework of the supervisory review and evaluation process as laid down by the EBA in its update to the “Guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP) and supervisory stress testing” issued on 18 March 2022.

The regulations issued by US Authorities, included mainly in the following provisions, are also of particular significance in view of the Intesa Sanpaolo Group operations in the United States:

- Bank Secrecy Act – “BSA” (1970), designed to identify the source, volume and currency of financial instruments that flow into and out of the United States or are deposited with their financial institutions;
- US Patriot Act (Uniting and Strengthening America by Providing Appropriate Tool to Intercept and Obstruct Terrorism - 2001) issued following the terrorist attacks of 11 September 2001, which amends and extends the requirements of the Bank Secrecy Act to banks, requiring them to prepare due diligence procedures and improve information sharing with financial institutions and the US Government;
- Law 302 - Section 504 (NYSDFS Rule on Transaction Monitoring and Filtering - 2017) which establishes minimum standards for monitoring transactions and sanctions on Banks subject to New York laws, including the jurisdiction of the New York State Department of Financial Service;

⁶ This Regulation will be replaced as of 1 January 2024 by the Regulation on anomaly indicators of 12 May 2023.

⁷ Implemented in application of the European Banking Authority’s Guidelines on Policies and Procedures on Compliance Management and the Role of the Anti-Money Laundering Officer pursuant to Article 8 and Chapter VI of Directive (EU) 2015/849 (EBA/GL/2022/05).

- Department of the Treasury Financial Crimes Enforcement Network, ('31 Code of Federal Regulation Parts 1010, 1020, 1023, 1024, and 1026 Customer Due Diligence Requirements for Financial Institutions') that defines the new requirements in terms of identification of the beneficial owner and establishes a control-based approach based on both substantive and formal standards;
- Anti-Money Laundering Act of 2020, which became law in January 2021, which, by amending the Bank Secrecy Act, provides among many provisions, (i) the establishment of a beneficial ownership registration database that will be implemented by the Financial Crimes Enforcement Network (FinCEN) and (ii) reinforced penalties for repeat and serious offenders.

As the Intesa Sanpaolo Group operates in the United States it has signed the "US Patriot Act Certification" and is required to observe US law in its business and financial transactions carried out in the United States, such as payment orders in dollars, and in general, in transactions carried out on its own behalf and on behalf of third parties. The transactions that the Bank undertakes on its own account and/or on behalf of its customers are also subject to United States laws when these transactions involve a relationship with parties subject to US legislation (for example US banks, foreign branches of US banks and US Subjects in general).

The common principles of the applicable legal framework are:

- the obligation to carry out the assessment of money laundering and terrorist financing risks taking into account risk factors associated with the type of customers, geographical area of operation, distribution channels and the products and services offered;
- the obligation to carry out customer due diligence, obtaining suitable information to identify the customer, the beneficial owner, the nature and purpose of the business relationship or transaction and, where applicable, the origin of the funds;
- the obligation to retain data, information and documents for anti-money laundering obligations;
- the obligation to constantly monitor account transactions;
- the obligation to report suspicious transactions with a view to actively cooperating with the Authorities;
- the obligation not to open a new account, carry out an occasional transaction or maintain an existing account if the due diligence obligations cannot be fulfilled or if there is a suspicion of money laundering or terrorist financing;
- the obligation of the Control Body to report any relevant offences that it becomes aware of when carrying out its duties.
- the obligation for adequate personnel training to ensure the correct application of the provisions.

To meet these obligations, recipients must identify organisational functions, resources and procedures that are consistent with and proportionate to the type of activity carried out, their dimensions, organisational complexity and operating characteristics.

Organisational arrangements to safeguard against money laundering risks, as required by the legislation, include:

- the mandatory involvement of corporate bodies and the exercise of their responsibilities under the regulations, as well as the appointment of a member of the management body as the "Member of the Management Body Responsible for Anti-Money Laundering and Countering the Financing of Terrorism" ("Member of the Management Body Responsible for AML/CFT") under the specific supervisory provisions;
- the establishment of a specific function to prevent and combat money laundering and terrorist financing transactions, the appointment of a person in charge and of an officer to report suspected money laundering/terrorist financing;
- a clear definition of roles, duties and responsibilities, and procedures that guarantee compliance with customer due diligence and suspicious activity reporting obligations, as well as obligations to store documentation and records of the accounts and transactions and suspicious activity reporting;

- a system of control functions that is coordinated, also through suitable information flows and is adequate for the size of the company and its complexity, and for the type of services and products offered as well as the extent of risk that may be associated with the characteristics of customers;
- a strong emphasis on the accountability of employees and external staff and controls that are suitable for monitoring their compliance with regulatory obligations and internal processes as well as their adoption.

The regulation requires effective coordination of controls for the prevention and combating of money laundering and terrorist financing at a Group level, and the procedures adopted by the Company and Foreign Branches to be in line with Group standards and ensure that information is shared at consolidated level. In the case of non-EEA Countries which have limits on the circulation of information, specific corrective measures shall be adopted, in line with the provisions of the aforementioned Commission Delegated Regulation (EU) 2019/758.

1.2 The legal framework concerning embargoes

The United Nations Charter grants the UN Security Council the power to make binding decisions for all United Nations Member States regarding restrictive measures to encourage the keeping or restoring of international peace and security. The Treaty on European Union and the Treaty on the Functioning of the European Union require Member States to adopt a common position on interrupting or limiting economic and financial relations with one or more non-EEA Countries. The purpose of these measures is to:

- safeguard the values, fundamental interests, security, independence and integrity of the European Union;
- consolidate and support democracy, the rule of law, human rights and the principles of international law;
- preserve peace, prevent conflicts and strengthen international security, in accordance with the purposes and principles of the United Nations Charter;
- promote international cooperation.

There are also other sources deriving from the international context that establish a specific regime prohibiting investment in certain industrial or import/export sectors to and from "high or significant risk" Countries.

Therefore, applicable legislation on the management of embargoes may be classified as follows:

- the legislation issued by the UN;
- European legal instruments;
- primary and secondary Italian legislation.

The main legislation issued by the UN is contained in Resolutions adopted by the Security Council pursuant to art. 41 of Chapter VII of the United Nations Charter with which restrictive measures relating to subjects and / or Countries are imposed.

Main European law includes:

- Regulations by which the European Council adopts economic-financial sanctions against third countries, natural and legal persons respectively under Article 215(1) and (2) of the Treaty on the Functioning of the European Union (TFEU);
- Regulation (EU) 2021/821 of the European Parliament and of the Council of 20 May 2021, and following amendments, setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items.

Italian primary law includes:

- Law no. 185/1990, as amended on "New rules on the control of exports, imports and transit of weapons", which remains the fundamental regulation for the transfer of assets classified as weapons;
- Legislative Decree no. 221/2017, which amended and simplified procedures on the authorisation to export dual-use products and technologies and sanctions on commercial embargoes, as well as all types of exports of proliferation materials.
Articles 18 to 21 of the legislative decree provide for criminal and administrative sanctions for anyone who undertakes the export of dual-use goods, in breach of laws.

The main secondary legislation is contained in the Bank of Italy's Regulation of 27 May 2009 containing operating instructions for the exercise of enhanced controls against the financing of weapons of mass destruction proliferation programs.

As the Intesa Sanpaolo Group operates in the United States, US legislation, comprising the "US Patriot Act" mentioned above, as well as regulations on economic and commercial sanctions adopted by the US Government, mainly through the Office of Foreign Asset Control (OFAC) of the Treasury Department, as part of foreign and national security policies, are of particular importance.

Similarly, in view of the operation in the United Kingdom and given the country's exit from the European Union, measures taken by the United Kingdom through the Office of Financial Sanctions Implementation (OFSI) are also considered.

The applicable legal framework, which has obvious connections with legislation on money laundering and terrorist financing, mentioned above, establishes restrictive measures and sanctions against governments of third Countries, non-government organisations, and natural or legal persons in relation to:

- embargoes on weapons;
- other specific or general commercial restrictions (ban on export and import);
- financial restrictions (freezing of assets and resources, bans concerning financial transactions, restrictions on export credits or investments, including those in financial instruments);
- criminal sanctions for entities financing terrorist or subversive associations and exporting dual-use products in breach of regulations governing dual-use.

The legal framework requires to adopt measures guaranteeing:

- controls of records and customer transactions, regarding imports and/or exports;
 - controls on operations in financial instruments;
 - the traceability of controls on transactions originating from/for Countries, persons and entities against whom restrictions have been established;
 - the freezing of goods and resources attributable to designated parties that the restrictive measures apply to, and forwarding the resulting communications to the FIU;
- the reporting of transactions suspected to finance terrorism or activities for the proliferation of weapons of mass destruction.

2 GENERAL PRINCIPLES OF THE GOVERNANCE MODEL

These Guidelines fall within the scope of the structure defined by the Group through the Integrated Internal Control System Regulation ("IICS Regulation").

The risk monitoring on money laundering, terrorist financing and breach of embargoes forms an integral part of that system and is pursued through the joint operation of all the company components, in accordance with the provisions of Bank of Italy Regulation of 26 March 2019 in terms of organisation, procedures and internal controls, as amended by the Regulation of 1 August 2023. Specifically:

- in accordance with their duties and responsibilities, the Corporate Bodies will ensure adequate control over the risks of money laundering, terrorist financing and breach of embargoes;
- the Managing Director and CEO, as the Body with management function, is identified as the Member of the Management Body Responsible for AML/CFT. In this role, he oversees the implementation of strategic guidelines and government policies on anti-money laundering and countering the financing of terrorism, as well as on embargoes, ensuring that the Corporate Bodies have the necessary information to fully understand the materiality of the risks to which the Bank is exposed; the Managing Director and CEO also holds the role of Member of the Management Body Responsible for AML/CFT at the Group level;
- the Supervisory Board, in accordance with Legislative Decree no. 231/2001, monitors the efficient implementation, function, compliance and update of the relative Model and its ability to prevent and combat the commission of the crimes described in this Decree;
- the Head of Anti-Money Laundering acts as a supervisor of the adequacy of the organization of activities and of the effective implementation of internal processes and procedures relating to anti-money laundering, counter-terrorist financing and embargoes management and, through the Anti-Money Laundering Function, continuously checks corporate processes and procedures, and proposes, in association with the applicable corporate functions, the organisational and procedural changes required and/or advisable to ensure adequate control over the risk of money laundering, terrorist financing and breach of embargoes; the Head of Anti-Money Laundering also assumes the role of Group Head of Anti-Money Laundering, to whom the overall management of money laundering risk at the Group level is referred;
- other second level Corporate Control Functions and the support Functions work with the Anti-Money Laundering Function so that it can develop its own risk management procedures that are consistent with corporate strategies and operations;
- the operational, business and support functions, follow the corporate processes and procedures, verifying their implementation through appropriate level I controls, with a view to full and complete compliance with applicable laws and standards of conduct;
- the Internal Audit Function, within the scope of his/her ordinary activities monitors the degree of adequacy of the corporate organisational structure and its compliance with applicable laws on an ongoing basis, and also oversees the functioning of the entire internal control system.

In monitoring risks relating to money laundering, terrorist financing and breach of embargoes, the Intesa Sanpaolo Group has adopted the following guiding standards and values:

- being inspired by values of honesty, integrity and responsibility; in compliance with the Group's Code of Ethics;
- active cooperation with the Supervisory Authorities to prevent the issues in question, taking into account regulatory provisions on the confidentiality of reporting and information concerning suspicious transactions and the protection of personal data (privacy) and banking secrecy;
- the adoption of monitoring standards in terms of guidelines, rules, methods, processes and instruments that are aligned with applicable international standards and are reasonably uniform at a Group level, in compliance with applicable regulations at a local level;
- the adoption of 'risk-based' control measures that are proportionate to the characteristics and complexity of the activity carried out, and to the legal status, size and organisational structure of various Group entities.

The governance model provides at the Group level, the progressive use of Competence Centers specialized in monitoring of transactions (Competence Center of Transaction Monitoring) and customer due diligence (Competence Center of Know Your Customer).

3 ROLES AND RESPONSIBILITIES

3.1 Corporate Bodies

In accordance with their duties and responsibilities, the Corporate Bodies of the Parent Company are responsible for ensuring the adequate control of the risks of money laundering, terrorist financing or the breach of embargoes to which the Group is or could be exposed, in accordance with the reference legislation. The duties and responsibilities assigned to Corporate Bodies of the Parent Company are set out in relative Regulations and, with reference to the internal control system, in the "IICS Regulation".

3.2 Managing Director and CEO

The Managing Director and CEO serves as the Member of the Management Body Responsible for AML/CFT of the Bank and the Group. Specifically, among the various responsibilities exercised, the Managing Director and CEO:

- oversees the implementation of the strategic guidelines and government policies on AML/CFT, as well as embargoes, approved by the Board of Directors;
- monitors that the policies, procedures and internal control measures on AML/CFT, as well as on embargoes, are adequate and proportionate, taking into account the characteristics and risks of the business;
- proposes to the Board of Directors the organizational structure and resource allocation of the AML function;
- ensures that the Board of Directors is periodically informed regarding the activities carried out by the Head of the Anti-Money Laundering Function as well as regarding the interlocutions held with the Authorities;
- informs the Board of Directors of any serious or significant issues and violations concerning AML/CFT, as well as embargoes, and recommends relevant corrective actions;
- ensures that the Head of Anti-Money Laundering (i) has direct access to all information necessary for the performance of his or her duties, (ii) has sufficient human and technical resources and tools, and (iii) is informed of any deficiencies identified by other internal control functions and relevant supervisory authorities;
- ensures that the issues and proposals for action represented by the Head of Anti-Money Laundering are adequately evaluated.

The Board of Directors takes into account the knowledge, skills and experience concerning money laundering risks, AML policies, controls and procedures acquired by the Managing Director and CEO, as the Member of the Management Body Responsible for AML/CFT, as well as the availability of time for the effective performance of the position, as part of the assessments conducted, in accordance with the procedures and timelines set forth in the internal regulations on eligibility requirements for the office of Intesa Sanpaolo's Exponents approved by the Board of Directors.

3.3 Surveillance Body pursuant to Legislative Decree no. 231/2001

The duties and powers of the Surveillance Body are described in the Organisation, management and control Model pursuant to Legislative Decree no. 231/2001. The Surveillance Body, in particular, is in charge of continuously monitoring the efficient implementation, function, compliance and update of the Model and its ability to prevent and combat the commission of the crimes described in the Decree, which includes anti-money laundering and counter-terrorism financing legislation.

3.4 Chief Compliance Officer Governance Area

The duties and responsibilities of the Chief Compliance Officer Governance Area and entities directly reporting to it are described in the Organizational Code of the structures, in the "IICS Regulation" and in the Group's Compliance Guidelines.

In particular, the Chief Compliance Officer ensures oversight of the risks of money laundering, terrorist financing and breach of embargoes, through the Head of the Anti-Money Laundering and through the structures of the Anti Financial Crime Head Office Department, which holds the role of "Anti-Money Laundering Function of the Parent Company" as well as the "Group Anti-Money Laundering Function", of the Compliance Governance, Privacy and Controls and of the Compliance Digital Transformation Head Office Department.

3.4.1 Anti Financial Crime Head Office Department

The duties and responsibilities of the Anti Financial Crime Head Office Department are described in its Organizational Code and in the "IICS Regulation".

The Anti Financial Crime Head Office Department as the Anti-Money Laundering Function:

- is independent from the operational entities since it reports to the Chief Compliance Officer Governance Area and has enough resources to carry out its duties from a qualitative and quantitative standpoint;
- reports directly to Corporate Bodies through the Head of Anti-Money Laundering;
- has access to all business activities, as well as significant information for carrying out its duties.

The Anti Financial Crime Head Office Department monitors risks of money laundering, terrorist financing and the breach of embargoes, by carrying out the following activities:

- defining the guidelines, methodological and processes to adopt for risk management;
- monitoring the AFC Risk Assessment process, through the preparation and management of support tools and databases, as well as through contributing to its integration in the Risk Appetite Framework ("RAF") and planning management actions;
- monitoring the regulatory alignment process, guaranteeing that external regulations are monitored at all times and adequately translated into guidelines, rules, processes and internal procedures;
- advising and assisting Corporate Bodies and other Bank entities on interpreting and adopting internal and external regulations;
- assessing in advance, both on specific request and through internal Product Governance and clearing processes, the compliance to applicable regulations of the innovative projects, including the start of new activities and entry on new markets, the offering of new products and services to market and/or significant changes to existing ones and sensitive transactions, including the Significant Transactions ("Operazioni di Maggior Rilievo"), recommending the necessary measures to mitigate the risks detected;
- participates, upon request, through the internal processes provided for the prior assessment of risks related to non-Group outsourcing concerning activities related to anti-money laundering and counter-terrorist financing obligations and in the area of embargoes;
- establishing the control objectives to mitigate risk, cooperating with other company entities in defining first and second level controls, and reviewing the results to define and monitor mitigation actions;
- oversees the quality assurance activities and carries out second level testing controls on the obligations established by the regulations aimed at assessing (i) the correct application of the process, or of its individual phases and (ii) the consistency of the decisions made in the process;
- assisting in disseminating an adequate risk culture at all levels of the company;
- managing relations with the Supervisory Authorities and nonconformities;
- preparing periodic reports addressed to the Corporate Bodies;
- periodically informs the Corporate Bodies about the progress of the corrective actions taken against deficiencies found in the control activity and about the possible inadequacy of the human

and technical resources assigned to the Anti-Money Laundering Function and the need to strengthen them;

- promptly informs the Corporate Bodies of significant violations or deficiencies encountered in the performance of the relevant duties;
- monitoring specific obligations concerning (i) customer due diligence, (ii) data, information and documents retention, (iii) monitoring transactions, (iv) reporting suspicious transactions and (v) managing the country risk;
- guiding, coordinating and controlling Subsidiaries without centralised management and Foreign Branches.

With specific reference to customer due diligence requirements, the Anti Financial Crime Head Office Department carries out the following activities:

- prepares and updates the rules and customer's profiling methods and supports the drafting of the operating processes relating to customer identification, the execution of Customer Due Diligence and Enhanced Due Diligence and the harmonization of risk profiles for common customers within the Group;
- assesses and authorises the opening of new accounts, occasional transactions or the continuation of existing accounts for high risk customers; the authorisation is issued by the Head of the Department in case of:
 - opening or continuing cross-border relationships with corresponding credit and financial institutions of a non-EEA country;
 - opening or continuing relationships or carrying out occasional transactions with Politically Exposed Persons ("PEPs"), both domestic and foreign, and PEP Related persons⁸;
 - opening or continuation of continuing relationships or performance of occasional transactions involving high-risk countries that result in the customer being profiled in the high risk bracket;
- issues prior opinion to the opening of a new continuing relationship or the maintenance of an existing relationship for Politically Exposed Persons and PEP Related Persons in the medium-high risk bracket, as well as to the opening of correspondent relationships or the maintenance of the existing relationship for extra-EEA credit and financial institutions in the non-high risk bracket;
- assesses and authorises the opening of new accounts, occasional transactions or the continuation of existing accounts for medium high risk positions, in relation to a specific request from operating structures, for cases specifically indicated in the methodological rules, as well as when personnel in charge of the assessment or authorisation are in situations of even potential conflict of interest;
- manages the activities related to the names and counterparties listed on the so-called Bad Guys All List⁹
- assesses entities or individuals found to be on the Sanctions and/or Terrorist Lists, both when screening names and personal data and during transaction monitoring, if identified by the automatic control systems and confirmed following the checks carried out by the competent structure of Business Service Center;
- prepares and certifies the standard questionnaire relating to the internal processes and procedures adopted by the Bank on anti-money laundering, combating terrorist financing and managing embargoes, to generally be delivered to banks or financial institutions that carry out due diligence for new bank accounts or similar relationships with the Bank;
- oversees the assessment carried out prior to the adoption of the customer remote onboarding solution (so-called Pre-Implementation Assessment) and the ongoing monitoring process (so-called Ongoing Monitoring) to verify the adequacy of the adopted solution, including the identification of mitigation measures and corrective actions for each identified risk, drawing on the support of the relevant specialist functions.

⁸ Meaning those individuals or entities other than individuals with specific links to PEPs.

⁹ The list includes names and counterparties for which there are also transactional operational limitations.

With specific reference to obligations to retain data, information and documents, the Anti Financial Crime Head Office Department carries out the following activities:

- defines the data archive input and management requirements, to comply with anti-money laundering obligations (“Unique Electronic Archive”/“Archivio Unico Informatico” - “AUI”), and checks the reliability of the information system used for data entry, based also on controls carried out by other company entities. More specifically, the Anti Financial Crime Head Office Department provides assistance in the phase involving analysis of IT activities on said archive and coordinates activities to eliminate any anomalies identified in its management;
- controls, on a random basis, the quality of statistical data to send to the FIU and coordinates adjustments, considered necessary, to information recorded in the relative archive, also following requests from operating entities;
- sends aggregate data on the above records to the FIU each month.

With specific reference to obligations of transactions monitoring, the Anti Financial Crime Head Office Department carries out the following activities:

- oversees the models, methodologies and metrics of detection for the transactional monitoring in the context of anti-money laundering, counter-terrorism and embargoes management and, in particular, defines and monitors the correct functioning of the scenarios of monitoring and screening methods, carries out the definition of the parameters and the calibration of the algorithms;
- supports the Compliance Digital Transformation structure in mapping and updating the data feeding the IT monitoring systems;
- is responsible for the second level anti-money laundering activities carried out by the Competence Center of Transaction Monitoring and therefore:
 - examines the anomalous operations intercepted by the IT systems of transactional monitoring and assessed, by the first level of the Competence Center at the Business Service Center, as deserving of in-depth analysis;
 - if an integration of the analysis is necessary, it will have to acquire additional information from the Head of the competent operating structure and evaluates the feedbacks received;
 - notify the Head of the competent operating structure, in presence of proven elements of anomaly, of the communication for the evaluation of the start of the suspicious transactions reporting procedure;
 - in case of operations with clear indications of suspicion, the communication to the Head of the operating structure takes place via the so-called "highly confidential" communications (“riservatissime”), normally used as a result of control activities, to activate without delay the appropriate assessments for the initiation of the reporting process, with contextual information to the Head of Suspicious Activity Reporting;
- manages the activities relating to the names, relationships and counterparties included in the so-called Exemption list and Monitoring list¹⁰ following the approval by the Transaction Monitoring Supervision Board in the field of anti-money laundering and/or the Head of the Anti Financial Crime Head Office Department;
- carries out the relevant assessments on the transactions and personal data for the purposes of managing embargoes and combating terrorism, including those relative to transactions in financial instruments, evaluating the situations concerning entities/individuals who had positive results on the Sanctions Lists and/or Terrorist Lists, following the first level analysis conducted by the competent structures of the Business Service Center, and taking the appropriate actions, including the evaluation of the start of the suspicious transactions reporting procedure via the so-called "highly confidential" communication (“riservatissima”), as well as carrying out its competence preventive assessments on transactions characterized by a significant risk of non-compliance with regard to embargoes;

¹⁰ The Exemption list includes the names, counterparties or relationships for which the publication of alerts in the IT systems of transactional monitoring is temporarily excluded, with reference to one or more scenarios of monitoring, in order to reduce the incidence of detection/alerts redundant or ineffective. The Monitoring list includes the names, relationships or counterparties that are subject to more stringent monitoring.

- checks the quality of the process of analysis of the evidences that are in the systems and of the anomalous operations intercepted by the IT systems and evaluated as not relevant by the first and second levels of the Competence Center and assesses the adequacy and consistency of the activities carried out and the determinations made in the in-depth analysis with respect to the process and evidences that are available (so-called "quality assurance");
- transmits to the FIU the periodic reports concerning Russian and Belarusian deposits as well as the assets and reserves of the Central Bank of Russia in accordance with the regulations issued by the FIU;
- transmits to the FIU, to the Ministry of Economy and Finance and the Special Currency Unit of the Finance Police (Guardia di Finanza) communications relating to the freezing of funds and economic resources attributable to the designated recipients of restrictive measures under the legislation on embargoes and on the fight against terrorist financing and forwards to the Financial Security Committee of the Ministry of Economy and Finance requests for authorization to release or make available such funds or economic resources;
- notifies the Bank of Italy of payment service providers and intermediary payment service providers identified as repeatedly failing to provide the information data required by Regulation (EU) 847/2015.

With specific reference to obligations on reporting suspicious transactions, the Anti Financial Crime Head Office Department - through the Head of Suspicious Activity Reporting - carries out the following activities:

- assesses first-level suspicious transaction reports in a timely manner, providing for their examination using a risk-based approach so that reports concerning particularly high-risk situations are treated with due urgency;
- reports to the FIU on transactions considered as second level suspicious with respect to money laundering, terrorist financing or the financing of programmes for the proliferation of weapons of mass destruction, anti-personnel mines, cluster munitions and submunitions;
- manages obligations related to access of the Authorities, in particular the FIU and Finance Police.

With specific reference to fulfillments in the area of country risk management, the Head Office Anti Financial Crime Department carries out the following activities:

- monitors and verifies on a four-monthly basis, also making use of the evidences provided by an external info-provider, the update of the level of risk associated with the countries, proceeding to update the lists to be published in the internal regulations and in the corporate systems used for AFC Risk Assessment, adequate verification and transactional monitoring;
- conducts on an annual basis, a review of the third countries in which the Group operates, in order to identify specific local regulatory provisions that prevent or limit the implementation, at Group level, of the policies and procedures necessary to identify and assess the risk of money laundering and terrorist financing, reporting to the Bank of Italy the prohibitions and limitations found.

With specific reference to periodic reporting and information flows for Corporate Bodies and to the Managing Director and CEO as the Member of the Management Body Responsible for AML/CFT, the Anti Financial Crime Head Office Department:

- prepares and submits, normally on an annual basis, to the Managing Director and CEO and for approval to the Board of Directors, after review by the Risk and Sustainability Committee and the Management Control Committee, the planning of activities defined on the basis of the self-assessment of the risks (of money laundering, financing of terrorism, violation of embargoes and corruption) to which the Bank and the Group are exposed, the training activities completed and the training plan for the following year;
- prepares and presents, every six months, to the Managing Director and CEO, to the Risk and Sustainability Committee, the Management Control Committee and the Board of Directors a report on control activities carried out, actions taken, shortcomings identified and the relative corrective measures to be taken and on personnel training. The annual report on activities

carried out, to be submitted to the Bank of Italy by April 30 of each year, also incorporates the results of the self-assessment exercise on the risks of money laundering, terrorist financing, embargoes violation and corruption, the planning of activities and the training plan for the following year;

- prepares and submits, on a quarterly basis, information flows to the Managing Director and CEO, dedicated to AML/CFT issues, as well as embargoes management, in order to ensure sufficiently comprehensive and timely information and data on related risks and compliance with regulatory requirements;
- prepares and submits specific direct reports to the Managing Director and CEO and Corporate Bodies on issues, deficiencies and violations considered of particular importance;
- analyses any findings on serious, or repeated or systematic or multiple offences pursuant to Articles 46, paragraph 1, letter b), and of the offences pursuant to Article 51, paragraph 1, of Legislative Decree no. 231/2007, sent by the Chief Audit Officer or other company functions or autonomously identified, and provides the relative disclosure, on a half-yearly basis, to the Management Control Committee; if there are particularly serious offences, this disclosure will be given at the next applicable meeting to ensure that timely communication is given to the Supervisory Authorities or the Ministry of Economy and Finance;
- takes note of the reports pursuant to Articles 46 and 51 of Legislative Decree no. 231/2007, forwarded by the Management Control Committee to the Supervisory Authorities, the Ministry of Economy and Finance, or the Head of Suspicious Activity Reporting and reports to the Management Control Committee on the corrective actions taken.

With specific regard to personnel training, the Anti Financial Crime Head Office Department carries out the following activities:

- identifies training objectives and prepares an appropriate training plan, aimed at achieving constant updating of personnel¹¹ and indicators of the effectiveness of training activities, in collaboration with the Compliance Governance, Privacy and Controls Head Office Department, the Remuneration Policies & Learning Head Office Department, the People Management & HR Transformation Head Office Department, the HR structures of the Divisions, and Internal Communications;
- defines the content of training activities and supports the Remuneration Policies & Learning Head Office Department and the People Management & HR Transformation Head Office Department and the HR structures of the Divisions in deciding on how the activities should be carried out.

The Anti Financial Crime Head Office Department also acts as the "Group Anti-Money Laundering Function".

In the Anti Financial Crime Head Office Department, the Head of Anti Financial Crime Head Office Department is given:

- the position of the Head of the Anti-Money Laundering;
- the position of Group Head of the Anti-Money Laundering;
- the position of the Responsible of S.A.R.A. ("Aggregated AML Reporting"/"Segnalazioni antiriciclaggio aggregate").

3.4.1.1 Head of the Anti-Money Laundering

The position of Head of the Anti-Money Laundering Function (Head of the Anti-Money Laundering) is given to the Head of the Anti Financial Crime Head Office Department and is appointed and revoked by the Board of Directors, with the support of the Risks and Sustainability Committee, after consultation with the Management Control Committee.

¹¹ Meaning employees and those who otherwise operate on the basis of relationships that determine their inclusion in the Bank's organization, including in a form other than a subordinate employment relationship.

The Head of the Anti-Money Laundering:

- reports directly to the Chief Compliance Officer, thereby fulfilling the regulatory requirement of not being hierarchically subordinate to individuals responsible for operational areas, as well as not itself being responsible for operational areas;
- must comply with requirements for suitability, independence, competence, professional and reputational skills established by the legislation¹²;
- is considered, for all intents and purposes, as one of the heads of the corporate control functions and performs his/her functions independently;

The Head of Anti-Money Laundering performs a supervisory role on the adequacy of the organization of activities and the effective implementation of internal processes and procedures on anti-money laundering, counter-terrorist financing and embargoes management and, through the Anti-Money Laundering Function, continuously verifies the effectiveness of corporate processes and procedures and proposes, in cooperation with the relevant corporate functions, organizational and procedural changes necessary and/or appropriate to ensure adequate supervision of the risk of money laundering, terrorist financing and embargoes violation. The Head of Anti-Money Laundering, for the purpose of carrying out his or her role:

- receives from the Heads of Suspicious Activity Reporting of the Group Companies a periodic information flow relating to reports forwarded and filed and may request to examine reports forwarded and filed¹³;
- shares with the competent structures of the operational and support functions the first level control activities to be carried out and the methods of implementation of these activities for the profiles of competence;
- uses the results of the second level controls carried out by the applicable units that belong to his/her Department and the Compliance Governance, Privacy and Controls Head Office Department, and the results that emerge from controls carried out by the Chief Audit Officer entities as part of the third level independent control function;
- monitors the adequacy of internal processes and procedures for the identification, assessment and reporting of suspicious transactions, as part of his/her duty to monitor the effectiveness of the entire management and internal control system overseeing the risk of money laundering, terrorist financing and breach of embargoes;
- is supported by the Transaction Monitoring Supervision Board to ensure the adequacy and effectiveness of the scenarios of transactional monitoring and direct the related processes for amending the scope of application;
- is supported by the Customer Profiling and due Diligence Methods Supervision Board to evaluate the functioning of customer profiling methodologies and impact analyses during customer profiling updates;
- establishes evaluation indicators to verify the effectiveness of the training provided, in consultation with the Remuneration Policies & Learning Head Office Department.

The Head of the Anti Financial Crime Head Office Department is delegated by the Managing Director and CEO to authorize the opening of cross-border accounts with correspondent banks or financial institutions in non-EEA Countries, to authorize the opening/maintenance of ongoing relationships or to carry out occasional transactions with national and foreign Politically Exposed Persons ("PEP"), and to the opening/maintenance of ongoing relationships or to carry out occasional transactions involving High-risk Countries which determine the profiling of the client in high risk bracket, without prejudice to the additional powers assigned by the Managing Director and CEO to other structures of the Bank.

¹² The Board of Directors assesses, prior to the appointment, the compliance with the requirements established by the supervisory regulations and, except in cases of urgency, transmits the related minutes to the European Central Bank which makes the assessment in agreement with the National Supervisory Authority.

¹³ The circulation of analytical information on the reports sent to local FIUs takes place unless there are any obstacles provided under the legal system of the country where the Company in question has its head office.

In order to ensure the continuous fulfilment of the responsibilities in charge of the Head of Anti-Money Laundering and the regular performance of the duties assigned to the function, upon the occurrence of events that result in the absence of the Head of the Anti Financial Crime Head Office Department such that, taking into account his possible availability, the regular performance of his duties is not possible or his integrity is questioned, the persons in charge of the structures reporting directly to the Anti Financial Crime Head Office Department are delegated to temporarily perform, each to the extent of his competence and for the duration of the absence, the duties incumbent on the Head of Anti-Money Laundering.

3.4.1.2 Group Head of Anti-Money Laundering

The Head of the Anti Financial Crime Head Office Department is also the Head of Anti-Money Laundering of the main Companies of the Group where the centralised management model is adopted and, considering the steering, coordination and control role of the Parent Company as regards Group Companies, she/he is also the Group Head of Anti-Money Laundering, with overall management of money laundering risk at a Group level.

As Group Head of Anti-Money Laundering, he develops and submits Group-wide policies, procedures, and measures on anti-money laundering, countering the financing of terrorism, and embargoes management to the Parent Company Bodies.

3.4.1.3 Head of Suspicious Activity Reporting

The Head of Suspicious Activity Reporting is appointed by the Board of Directors, after hearing the opinion of the Management Control Committee.

The Head of Suspicious Activity Reporting:

- must comply with suitable independence, authority and professional competence requirements and must not have direct responsibilities over operating areas, nor report to the persons in charge of said areas;
- exercises his/her functions independently;
- may coincide with the Head of the Anti-Money Laundering; in the event of not coincidence, he/she may acquire useful information from the Head of the Anti-Money Laundering for the assessment process of suspicious transactions;
- also holds the position of Group Delegate, with authority to forward reports of suspicious activity to the FIU, also on behalf of Group Companies that adopt the centralised management model;
- has free access to the information flows addressed to Corporate Bodies and to other entities involved in activities to combat money laundering and terrorist financing;
- may allow, taking necessary measures to ensure confidentiality and without mentioning the reporting party's name, the Heads of corporate units to know the names of reported customers, given the particular significance that this information may have for the purpose of accepting new customers or assessing existing customers transactions;
- provides operating entities with advice on obligations regarding the preparation of suspicious transaction reporting and possible abstention from performing transactions;
- assesses the suspicious activity reports received from the operational entities and the communications forwarded to it pursuant to Article 46, paragraph 1, letter a) of Legislative Decree no. 231/2007 by the Management Control Committee, and prepares the related preliminary inquiry;
- sends reports considered to have grounds to the FIU and files reports considered as unfounded, providing reasons in writing;
- communicates the outcome of his/her assessment to the Head of the operational structure from which the report originated;
- after being informed, notifies the Head of the operating entity reporting the suspicious transaction that the inquiry has been filed as instructed by the FIU;

- liaises with the FIU and manages requests for further inquiries submitted by the competent authorities¹⁴;
- contributes to identifying the measures necessary to guarantee the confidentiality and retention of data, information and documentation relating to reporting to be submitted for approval by the Managing Director and CEO;
- provides the Head of Suspicious Activity Reporting of insurance companies for which the Bank plays the role of insurance intermediary, the communications required pursuant to IVASS Regulation no. 44/2019 as amended by IVASS Order no. 111 of 13 July 2021¹⁵.

The Head of Suspicious Activity Reporting, in carrying out his/her duties, is assisted by the competent functions of the Anti Financial Crime Head Office Department; in particular, she/he may enable the personnel of such structures to work, under his/her responsibility, on the suspicious activity reporting system, in compliance with instructions from the FIU.

3.4.1.4 Responsible of S.AR.A. (Aggregated AML Reporting)

The role of Responsible of S.AR.A.¹⁶ is given to the Head of the Anti-Money Laundering. The Responsible of S.AR.A.:

- is accountable for the monthly transmission to FIU of aggregated data concerning the Bank's operations;
- represents the interlocutor of FIU for all matters relating to aggregate reports;
- verifies the correct functioning of the internal information system for the production of reports;
- can enable other subjects to enter and transmit aggregate data.

The Responsible of S.AR.A., in carrying out his duties, makes use of the structures in charge of the Anti Financial Crime Head Office Department.

3.4.1.5 Transaction Monitoring Supervision Board

The Board has an instructive role in order to supervise the operation of the scenarios of transactional monitoring and to ensure a proper management and tracking of the process adopted to make any amendments to the scope of application, regulating the methods through which to evaluate, test, validate and track such amendments.

The Board has the following tasks:

- to evaluate the adoption, periodic review and implementation of the adopted scenarios and their technical calibration, as well as their impacts; the scenarios are reviewed annually and according to a risk-based approach in terms of entities/scenarios;
- to evaluate the adoption, review at least annually and the implementation of the Exemption list and Monitoring list¹⁷
- to address any functional issues that emerge from technical problems related to problems in the feeding of the scenarios, amendments in the feeding sources or mistakes in the elaboration of the scenarios reported by the IT factories and/or deriving from the ordinary supervision on the magnitudes/evidences of the monitored phenomena;

¹⁴ The term Authorities refers to institutional bodies such as magistrates, the finance police and its special currency unit which may be involved in the inquiry and further investigation stages following suspicious reports from the financial system.

¹⁵ The Regulation provides for the sending to the insurance company of reference of reports of suspicious transactions referring to the "same transactions" already reported directly to the FIU and the notification to the company of the report of a "same customer" carried out.

¹⁶ With reference to the Foreign Companies of the Group, the provision applies only if an analogous role is envisaged by the relevant national legislation and with the ways defined by it.

¹⁷ The Board is required to evaluate the proposals for the adoption and implementation of the Exemption list formulated by the Foreign Branches and is informed, on a monthly basis, of the changes made independently by the Foreign Branches to the Monitoring list and has the right to request the addition of a name to the list.

- to supervise the effectiveness of the scenarios of transactional monitoring and direct the related amendment processes;
- to evaluate any training initiatives to be activated in relation to scenarios of transactional monitoring also following the provision of new red flags and/or new scenarios.

3.4.1.6 Customer Profiling and Due Diligence Methods Supervision Board

The Customer Profiling and due Diligence Methods Supervision Board has an instructive role with the objective of overseeing the functioning of customer profiling methodologies and ensuring the necessary updating processes, both in terms of the perimeter and with reference to the methods of application. The Table also governs the definition of assessment, testing/impact analysis, validation and tracking activities of changes made to profiling methodologies or in due diligence requirements.

The Board has the following tasks:

- oversee the effectiveness of profiling methodologies and address their updating processes;
- evaluate impact analyses arising from the introduction of new risk factors or revision of profiling methodologies or in the due diligence requirements and subsequent actions;
- monitor the adoption, periodic review and implementation of profiling methodologies;
- oversee the overall system related to anti-money laundering lists (Bad Guys All List)¹⁸;
- monitor the addressing of any functional issues related to possible problems in the feeding of profiling models, changes in feeding sources, or errors in profiling processing, based on errors reported by IT factories and/or arising from routine oversight of the magnitudes/evidence of monitored phenomena.

3.4.2 Compliance Governance, Privacy and Controls Head Office Department

The duties and responsibilities of the Compliance Governance, Privacy and Controls Head Office Department are described in its “Organizational Code”.

With reference to anti-money laundering, combating terrorist financing and managing embargoes, the Compliance Governance, Privacy and Controls Head Office Department assists the Anti Financial Crime Head Office Department, ensuring the following:

- second level control activities for the Parent Company and Subsidiaries with centralised management;
- processing the indicators to monitor the higher risk events identified in accordance with the Anti Financial Crime Head Office Department.
- the development of the AML/Sanctions Risk Assessment methodologies and the monitoring of the training interventions carried out on the Banks and Companies in centralised management, using the tools made available by the Remuneration Policies & Learning Head Office Department.

With reference to the processes of customer remote identification and onboarding, the Compliance Governance, Privacy and Controls Head Office Department collaborates, for their respective areas of responsibility, in the Pre-Implementation Assessment of the customer remote onboarding solution, in the definition and execution of controls and in the identification of mitigation measures and corrective actions for each identified risk, to ensure the proper functioning of the adopted solution on an ongoing basis.

With regard to its own control activities, the Compliance Governance, Privacy and Controls Head Office Department:

¹⁸ The activity relates not only to Intesa Sanpaolo and Isybank, but also to Fideuram Intesa Sanpaolo Private Banking and Intesa Sanpaolo Private Banking.

- identifies the cases of serious or repeated or systematic or multiple infringements pursuant to Article 46, paragraph 1, letter b) and the cases of Article 51, paragraph 1 of Legislative Decree no. 231/2007 and reports them to the Anti Financial Crime Head Office Departments, for further analysis, by the latter, before sending the related communication to the Management Control Committee;
- transmits to the Head of the operating structure, pursuant to Article 46, paragraph 1, letter a), the so-called "highly confidential" communication ("riservatissima") to activate without delay the appropriate assessments for the initiation of the reporting process of the transactions identified as potentially suspicious. At the same time, it informs the Head of Suspicious Activity Reporting of this.

3.4.3 Compliance Digital Transformation

Duties and responsibilities of the Compliance Digital Transformation structure are described in the "Organisational Code".

With reference to issues relating to anti-money laundering, combating the financing of terrorism and the management of embargoes, the structure:

- performs the role of Data Owner for the sub-domains assigned to the Chief Compliance Officer Governance Area, coordinating with the competent structures of the Anti Financial Crime Head Office Department, Data Technology Owner of the subdomains,, Data Artificial Intelligence Office, other Data Owners and Data Technology Owner of the applications impacted in order to ensure the correct implementation of the feeding requested by the Anti Financial Crime Head Office Department;
- contributes, with the support of the competent functions envisaged by the corporate framework of Data Governance, to guarantee the quality of data in the anti-money laundering area, overseeing and/or implementing, where necessary, the defined controls. In this context the structure acts as the Data Owner in relation to data processing for the purposes of transactional monitoring; to this end:
 - promptly manages, with the support of the structures provided for in the Data Governance Guidelines, any mistakes and discards that may arise during the installation phase as well as during the ongoing management of the IT system;
 - supports the Anti Financial Crime Head Office Department in agreement with the other competent functions in the development of technological solutions aimed at improving the effectiveness and efficiency of the Transaction Monitoring, screening and customer due diligence model.

3.5 Chief Risk Officer Governance Area

The duties and responsibilities of the Chief Risk Governance Area and entities reporting directly to him/her are described in the "Organisational Code", and "IICS Regulation".

With reference to anti-money laundering, combating terrorist financing and managing embargoes, the Chief Risk Officer Governance Area carries out the following activities:

- works with the Head of the Anti Financial Crime Head Office Department, who operates in accordance with the Head of the Chief Compliance Officer Governance Area, for the definition of the risk assessment methods relating to AFC Risk Assessment, encouraging synergy with the Operational Risk Management instruments and methods;
- works with the Head of the Anti Financial Crime Head Office Department, that operates in accordance with the Head of the Chief Compliance Officer Governance Area, to integrate the model to assess and manage compliance risk in the RAF;
- supports the units of the Chief Compliance Officer Governance Area in assessing the compliance with prevailing laws on transactions and new products and services to put onto the market, also with reference to starting up new activities and entering new markets, both upon

request, and through structured product governance processes, helping to identify the potential risks for the Bank and the Customers, and providing, where applicable, quantitative assessments;

- proceeds, with frequency and methods defined under the "Validation Rules" according to a risk-based approach and also with the external support of experts in the sector, to the independent validation of the internal models developed in the field of transactional monitoring with regard to anti-money laundering, counter-terrorism and management of embargoes and for which it has been identified as a model reviewer;
- collaborates, for their respective areas of responsibility, in the Pre-Implementation Assessment of the customer remote onboarding solution, in the definition and execution of controls and in the identification of mitigation measures and corrective actions for each identified risk, to ensure the proper functioning of the adopted solution on an ongoing basis.

The procedures for collaboration between the Chief Risk Officer and Chief Compliance Officer Governance Areas and related information flows are set out in the "IICS Regulation".

3.6 Chief Audit Officer

The Chief Audit Officer ensures a constant and independent surveillance action on the regular performance of the operations and processes of the Bank and the Group in order to prevent or detect the occurrence of anomalous and risky behaviors or situations, evaluating the functionality of the internal control system and its suitability to guarantee the effectiveness and efficiency of the company processes, the safeguard of the value of the activities and the protection from losses, the reliability and integrity of the accounting and management information, the compliance of the operations with the policies established by corporate governance Bodies and internal and external regulations.

With reference to anti-money laundering, combating terrorist financing and managing embargoes, the Chief Audit Officer, as part of third level controls of the overall internal control system, monitors the degree of adequacy of the corporate organisational structure and its compliance with applicable laws on an ongoing basis and also oversees the functioning (in terms of efficiency and effectiveness) and reliability of the Group risk management model. Specifically, the Chief Audit Officer inspects the adequacy and efficiency of the Anti Financial Crime Head Office Department at regular intervals and informs the competent Corporate Bodies of the outcome of his/her assessments, within periodical information flows.

The Chief Audit Officer, within the scope of his/her oversight activities, will ensure *inter alia*:

- constant compliance with due diligence obligations, when establishing customer accounts and during the relationship with the customer;
- the actual acquisition and ordered storage of the data, information and documents prescribed by applicable legislation;
- the correct functioning of the storage archive of the data and transactions carried out by the customers;
- the actual accountability of employees and business partners, and the managers of central and decentralised units in implementing all the requirements set out under applicable law.

Moreover, the Chief Audit Officer:

- in order to ensure enhanced control over the units that are most exposed to the risks of money laundering, terrorist financing and breach of embargoes, prepares, on the basis of the findings of the Audit Risk Assessment and the controls performed by the first and second level Functions, the control plan for all the operational entities involved;
- during audits, checks alignment between various management accounting procedures for customer transactions and the data entry and management procedure for the data archive required by anti-money laundering laws;
- informs the Anti Financial Crime Head Office Department and Corporate Bodies of inefficiencies identified during auditing activities and suggests corrective measures to be taken;

- takes follow-up action to check that necessary corrective measures have been adopted and whether they are suitable for preventing similar critical aspects in the future.

Following the controls and assessments performed, the Chief Audit Officer:

- identifies the possible serious, or repeated or systematic or multiple offences pursuant to Article 46, paragraph 1, letter b), and the offences of Article 51, paragraph 1 of Legislative Decree no. 231/2007 and reports them to the Anti Financial Crime Head Office Department, for further analysis on its part, before forwarding the relative communication to the Management Control Committee;
- sends to the Head of the operational entity, in accordance with Article 46, paragraph 1, letter a) of Legislative Decree no. 231/2007, the so-called "highly confidential" communication ("riservatissima") to promptly start up the necessary assessments to initiate the reporting procedure for transactions identified as potentially suspicious. At the same time, the Head of Suspicious Activity Reporting is informed of this.

3.7 Chief Operating Officer Governance Area

3.7.1 Organisation Head Office Department

The duties and responsibilities of the Organisation Head Office Department are described in its "Organizational Code".

The Organisation Head Office Department carries out the following activities:

- establishes organisational solutions in line with the objectives and strategies for anti-money laundering, combating terrorist financing and managing embargoes, advised and assisted by the Anti Financial Crime Head Office Department;
- checks and defines, with the approval of the Head of the Chief Operating Officer Governance Area, staff numbers, in line with the objectives and strategies of company plans;
- assists the Anti Financial Crime Head Office Department in updating governance documents, establishing planned roles and responsibilities;
- monitors the dissemination of internal regulations and the Bank's and Group's governance documentation on anti-money laundering, combating terrorist financing and managing embargoes.

In particular, the Organisation Head Office Department monitors the analysis and adoption of organisational measures, also arising from new regulatory obligations. Moreover, it proceeds, according to logics of priority, to update the sizing analyses functional to the annual planning of the activities of the Anti Financial Crime Head Office Department.

3.7.2 Remuneration Policies & Learning Head Office Department

The duties and responsibilities of the Remuneration Policies & Learning Head Office Department are described in its "Organisational Code".

With reference to anti-money laundering, combating terrorist financing and managing embargoes, the Remuneration Policies & Learning Learning Head Office Department carries out the following activities:

- cooperates, with the structures of the Chief Compliance Officer Governance Area and in particular with the Anti Financial Crime Head Office Department in the development of initiatives aimed at disseminating, at all levels of the company, a company culture that is consistent with the principles of compliance with law, and expanding the level of awareness of the risk approach expected;
- works with the People Management & HR Transformation Head Office Department and with HR functions of the different Divisions to carry out training initiatives on compliance, assisted by

Chief Compliance Officer Governance Area structures, especially with the Anti Financial Crime Head Office Department, which prepares the contents, and with Internal Communication, for the activation of effective communication channels for the dissemination within the Company of the culture of compliance;

- works with the People Management & HR Transformation Head Office Department, with HR functions of the different Divisions and with the Chief Compliance Officer Governance Area structures and especially with the Anti Financial Crime Head Office Department to define training programmes on an ongoing basis, in order to further technical/professional expertise and update personnel tasked with compliance activities, by coordinating its implementation by the outsourcer.

3.7.3 People Management & HR Transformation Head Office Department

The duties and responsibilities of the People Management & HR Transformation Head Office Department are described in its “Organisational Code”.

With reference to anti-money laundering, combating terrorist financing and managing embargoes, the People Management & HR Transformation Head Office Department and the HR functions of the different Divisions will ensure the proper qualitative-quantitative workforce cover needed to meet regulatory obligations and cooperate with the Remuneration Policies & Learning Head Office Department for the implementation of training interventions on compliance areas, with the support of the Chief Compliance Officer Governance Area structures and in particular with the Anti Financial Crime Head Office Department.

3.7.4 Labour Affairs and Policies Head Office Department

The duties and responsibilities of the Labour Affairs and Policies Head Office Department are described in its “Organisational Code”.

With reference to anti-money laundering, combating terrorist financing and managing embargoes, the Labour Affairs and Policies Head Office Department:

- assesses and oversees disciplinary actions to be taken against employees who have breached regulations;
- assesses the applicability of the protections provided for by the collective contracts in the interests of employees involved in criminal, civil and administrative proceedings for alleged breaches of the applicable laws and decides on the formulation of the concerns to be resolved when settling the proceedings.

3.8 Chief Data, A.I., Innovation and Technology Officer Governance Area

3.8.1 Innovation & Processes

The duties and responsibilities of the Innovation & Processes are described in its “Organisational Code”.

With reference to anti-money laundering, combating terrorist financing and managing embargoes, the Innovation & Processes carries out the following activities:

- assists the process owner in planning company processes and monitoring updates to and the publication of internal regulations on anti-money laundering, combating terrorist financing and managing embargoes;
- identifies, jointly with the Anti Financial Crime Head Office Department and functions involved, the requirements to develop the most suitable IT solutions to simplify the applicable processes and increase their efficiency.

3.8.2 Business Service Center

The roles and responsibilities of the Business Service Center are described in its “Organisational Code”.

With reference to anti-money laundering, combating terrorist financing and managing embargoes, the structure carries out the following activities:

- performs first level controls on the quality of data entered in the data storage archive, addressing any requests for corrective measures to be taken to the Group Technology Head Office Department and guaranteeing a periodic information flow to the Anti Financial Crime Head Office Department, with details of the anomalies found and the progress of corrective actions implemented;
- checks, based on the rules defined by the Anti Financial Crime Head Office Department, matches with the Sanctions List and/or the internal lists for anti-terrorist and embargoes purposes resulting from automatic filtering systems and involving the Anti Financial Crime Head Office Department, if case of doubts and/or when the suspicion is confirmed;
- checks, applying the rules defined by the Anti Financial Crime Head Office Department, payments and bills of lading if there is a match with the Sanctions List and/or the internal lists for anti-terrorist and embargoes purposes, involving the Anti Financial Crime Head Office Department, in case of doubts and/or when the suspicion is confirmed;
- on the basis of rules defined by the Anti Financial Crime Head Office Department, carries out controls on transfers of funds, aimed at ensuring compliance with the provisions contained in EU Regulation 2015/847, regarding the information accompanying the transfers of funds;
- carries out, based on the rules defined by the Anti Financial Crime Head Office Department, controls to confirm the client's status as a Politically Exposed Person or PEP Related Person against evidence from comparison with specific lists in external databases;
- is responsible for the first level activities carried out by the Competence Center of Transaction Monitoring and therefore analyzes the anomalous operations highlighted by the transactional monitoring procedures and, upon the outcome of the verifications, proceeds: (i) to archive the transaction, in the event that it is a false positive, as there are no anomalous elements, or there are no reasons for sending the transaction to the Anti Financial Crime Head Office Department, (ii) to involve the Anti Financial Crime Head Office Department, in the presence of anomalous profiles or the need for insights; for the sole operation of "intermediation" or "pass through"¹⁹ it acquires the additional information necessary for the evaluation of the operations object of analysis from the competent external structures; it also proposes customers, relationships and counterparties to be included/deleted in the Exemption list;
- forwards to the MEF the communications relating to infringements of the legislation regarding limitations on the use of cash and bearer instruments identified by the operating structures of the Divisions.

3.8.3 Digital Business Partner

The roles and responsibilities of the Digital Business Partner are described in its “Organizational Code”.

With reference to issues relating to anti-money laundering, combating the financing of terrorism and management of embargoes, Digital Business Partner collaborates, based on the requirements of the Anti Financial Crime Head Office Department, in coordinating requests to the Group Technology aimed at carrying out interventions on IT systems.

¹⁹ These are payment transactions from other credit and financial institutions, which took place with the involvement of Intesa Sanpaolo as service provider and directed towards other entities.

3.8.4 Group Technology

The tasks and responsibilities of the Group Technology are described in its “Organisational Code”.

With reference to anti-money laundering, combating terrorist financing and managing embargoes, the Group Technology is involved in the development, update and monitoring of application components, carrying out the following activities, to this end:

- implements and maintains, on the basis of requirements defined by the Anti Financial Crime Head Office Department, the IT systems used to carry out the applicable obligations;
- controls the technical integrity and completeness of flows providing input for various application solutions used, with specific regard to the data retention archive to meet anti-money laundering obligations (Unique Electronic Archive - AUI). In the event of technical anomalies, the Group Technology activates the necessary corrective measures and informs the Anti Financial Crime Head Office Department;
- participates in the transformation process and in the definition of formal technical controls of data in order to ensure the correct feeding of the path of input to the IT systems used in the transactional monitoring process;
- acts, where provided by the process, as Data Technology Owner and Data Technology Office in compliance with the Guidelines on Data Governance;
- updates, upon the direction of the Anti Financial Crime Head Office Department, the Sanctions Lists, the Sanction Lists, the Anti-Terrorism Lists and the standards of control applied;
- fulfils the requests of evolutionary and corrective actions on IT systems originating from the Anti Financial Crime Head Office Department and the Chief Audit Officer, the Compliance Digital Transformation structure, the Business Service Center and the Divisions as agreed, for the anti-money laundering area, with the Anti Financial Crime Head Office Department.

Within Group Technology there is the structure that collaborates, for their respective areas of expertise, in the Pre-Implementation Assessment of the customer remote onboarding solution, in the definition and execution of controls and in the identification of mitigation measures and corrective actions for each identified risk, to ensure the proper functioning of the adopted solution on an ongoing basis.

3.8.5 Cybersecurity and Business Continuity Management

The roles and responsibilities of the Cybersecurity and Business Continuity Management are described in the “Organisational Code”.

The Cybersecurity and Business Continuity Management defines the rules and actions to take to protect the data, information and infrastructures to guarantee business continuity and the regular performance of company activities, and to keep security conditions in line with prevailing laws, also with reference to monitoring anti-money laundering, combating terrorist financing and managing embargoes.

3.8.6 Trasformation Governance & Controls

The roles and responsibilities of the Transformation Governance & Controls are described in the “Organisational Code”.

Within Transformation Governance & Controls there is the structure that collaborates, for their respective areas of expertise, in the Pre-Implementation Assessment of the customer remote onboarding solution, in the definition and execution of controls and in the identification of mitigation measures and corrective actions for each identified risk, to ensure the proper functioning of the adopted solution on an ongoing basis.

3.8.7 Data & Artificial Intelligence Office

The roles and responsibilities of the data & Artificial Intelligence Office are described in the “Organisational Code”.

The structure participates in the identification of data on DSH (Data Service Hub), supporting where necessary the Anti Financial Crime Head Office Department in declining the requirements and cooperating with the Data Owner and Data Technology Owner of the affected domains in the analyses useful for the feeding of the elementary data necessary for the proper functioning of the IT system. In this context, the Department plays a supporting role to the Data Owners and Data Technology Owners structures of the impacted applications in carrying out the data decoding activities, on the basis of the requirements previously defined by the Anti Financial Crime Head Office Department.

The structure participates throughout the process in activities of support for the Compliance Digital Transformation structure in the application of the framework of data governance for the purposes of transactional monitoring.

3.9 Governance Area Chief Governance Officer

3.9.1 Legal Affairs Head Office Department - Group General Counsel

The tasks and responsibilities of the Legal Affairs Head Office Department – Group General Counsel are described in the “Organisational Code”.

With reference to anti-money laundering, combating terrorist financing and managing embargoes, the Legal Affairs - Group General Counsel Head Office Department carries out the following activities:

- supports the Anti Financial Crime Head Office Department in identifying steadily applicable laws, monitoring developments, including case law developments, and providing legal advice to ensure the correct and unique interpretation within the Group;
- shares, for legal aspects within its area responsibility, the contents of these Guidelines, internal regulatory provisions and training courses prepared by the Anti Financial Crime Head Office Department and other assigned entities, formulating proposals for amendments and/or additions;
- advises and assists the Anti Financial Crime Head Office Department on controversial legal aspects concerning the compliance assessment of internal processes and procedures, contracts, forms or significant cases of inefficiencies that have been identified;
- shares, with the Anti Financial Crime Head Office Department, standard drafts of notices to be sent to customers regarding the refusal to open an account, or closing of an account or refusal to carry out occasional transactions.
- provides consultancy support to the Anti Financial Crime Head Office Department to assess in advance the compliance of innovative projects, operations and new products and services to be launched for marketing, also with reference to the entry into new activities or new markets.

The Criminal and Administrative Litigation and Insolvency Proceedings and Civil Litigation as well as International Legal units, each for their own area of competence, manage pre-litigation and litigation cases related to money laundering, terrorist financing and embargoes.

The Legal Affairs Head Office Department - Group General Counsel provides legal advice and assistance both in the Pre-Implementation Assessment phase and in the monitoring phase of the adopted remote customer onboarding solution.

3.9.2 Corporate Bodies and Corporate Affairs Head Office Department

The tasks and responsibilities of the Corporate Bodies and Corporate Affairs Head Office Department are described in the “Organisational Code”.

With reference to issues related to anti-money laundering, countering the financing of terrorism and embargoes management, the Corporate Bodies and Corporate Affairs Head Office Department takes care of the Bank's own fulfillments in sending data and information related to beneficial ownership to the corporate registry office electronically.

3.10 Institutional Affairs and External Communication Officer Governance Area

3.10.1 Institutional Affairs Head Office Department and International Public Affairs Unit

The tasks and responsibilities of the Institutional Affairs Head Office Department and the International Public Affairs Unit are described in their “Organizational Code”.

With reference to managing the risk of money laundering, terrorist financing and violation of embargoes, the Institutional Affairs Head Office Department and International Public Affairs unit monitor the evolution of the legislation that is significant for the Group, informing internal units and coordinating the Group's response to the discussion on the regulatory proposals.

3.11 Divisions

Tasks and responsibilities of the Divisions are described in the relative “Organisational Code”.

The Divisions have the primary responsibility in the managing of risks of money laundering, terrorist financing and violation of embargoes: during daily operations, these structures must identify, measure or assess, monitor, mitigate and report the risks arising from ordinary company operations in accordance with the risk management process set out in the "IICS Regulation"; they must also comply with the operating limits assigned to them in line with the risk objectives and with the procedures underlying the risk management process.

The Divisions comply with the company processes and procedures, checking its application with adequate first level controls in order to ensure that the transactions are carried out properly, for the full and complete compliance with applicable rules and standards of conduct. The Divisions, in association with the Anti Financial Crime Head Office Department and the Compliance Governance and Controls Head Office Department define the first level controls that they believe are capable of actually achieving the control objectives, and then implement them, involving the Organisation Head Office Department and Innovation & Processes for areas in their responsibility. The first level controls identified by the operational, business and support functions are submitted for review by the Anti Financial Crime Head Office Department and the Compliance Governance, Privacy and Controls Head Office Department, that will assess their capacity to actually achieve the control objectives, and if necessary, will request their consolidation. Where the Divisions identify critical points, directly or on the recommendation of the competent second and third level corporate control functions, they implement the actions necessary for the relative resolution.

The Divisions put in place all initiatives aimed at encouraging the diffusion of a culture of compliance with operators, working with them to correctly implement the training programmes defined by the Anti Financial Crime Head Office Department, in association with applicable corporate functions.

The Divisions play a central role for the purposes of customers' knowledge and constitute, in agreement with the Anti Financial Crime Head Office Department, where the conditions are met in terms of effectiveness and efficiency, specific Competence Centers of Know Your Customer for carrying out the preliminary activities for the due diligence in the customer onboarding and review of the risk profile phases.

When the requirements are met, the Divisions are involved in the evolutionary and corrective actions on the applications in use for anti-money laundering, counter-terrorist financing and embargoes management.

The operating structures within the Divisions, for the purpose of customer due diligence:

- identify customers as well as beneficial owners, and obtain and maintain updated information and documents, including additional information necessary in the case of relations with banks and financial institutions, necessary to carry out the due diligence obligations and the customer risk profiling; if the Competence Centers of Know Your Customer are established, they will provide them with all the information available on the customer useful for carrying out customer due diligence and support them in document collection;
- authorize and/or refuse the opening and maintenance of the relationship with customers in the low, medium-low and medium-high risk range, taking into account, where applicable, the outcome of the investigation carried out by the Competence Centers if any;
- request, where necessary, the increase of the risk profile associated with the customer to the Competent Center which provides to the due close examinations and propose the requests related to the increase to the high risk to the Anti Financial Crime Head Office Department;
- take an independent decision on whether to refuse to open an account or execute an occasional transaction for medium risk customers, involving the Anti Financial Crime Head Office Department, if considered appropriate;
- as part of the granting process, they carry out careful customer analyses and assessments in order to detect potentially anomalous situations from an economic, financial and organizational point of view;
- inform the customers of the Bank's decision not to open an account and/or execute a transaction or of its intention to close an existing account.

The operating structures within the Divisions, for the purposes of transactional monitoring, monitor the relationship with the customer and its operations in order to identify anomalous behaviors and carried out independent assessments on their customers. Furthermore, through the Head of the operating structure:

- activate, with the aid of the dedicated procedure, the first level reporting process for suspicious transactions whenever necessary;
- evaluate the anomalous transactions ("inattesi") intercepted by the IT systems and the evidence reported by the first level control functions;
- respond to the communications for the activation of the suspicious transactions reporting process, after having carried out the appropriate assessments, in order to confirm or not the presence of the anomaly found by the second level of the Competence Center of Transaction Monitoring;
- respond to the requests for information received, promptly providing the information and documentation requested;
- receive the notification of the first level communication, the so-called "highly confidential" communication ("riservatissima"), and activate the necessary assessments for the purposes of the possible start of the suspicious transaction reporting process;
- process the requests for further information from the Authorities pursuant to Legislative Decree no. 231/2007.

Moreover, the operating structures of the Divisions carry out the following activities:

- identify breaches in regulations concerning limitations in the use of cash and bearer-negotiable instruments, for which the communication shall be sent to the MEF and communicate them to the appropriate Business Service Center structure;
- check in advance payments and documents representative of goods, to ensure they conform to provisions of the Anti Financial Crime Head Office Department as regards transactions with Countries, goods sectors or entities subject to sanctions and/or restrictions;
- check in advance payments ordered by/in favour of customers to verify that they do not have links with the lists of individual/entities considered to be high-risk on the basis of the customer profiling adopted by the Group;
- carry out checks, through the function that reports to the Head of the line control operational entity, to ensure that the activities of monitoring of transactions and assessment of infringements of the law in terms of limitations on the use of cash or bearer-negotiable instruments are properly executed.

The structures with first-level control tasks within the Divisions, in line with the service and organizational models in force, are responsible for verifying compliance with the obligations of the operating structures within their competence, reporting the deficiencies found and requesting the interventions needed for the resolution of the same. In particular:

- following the checks carried out, the structures with first-level control tasks transmit, pursuant to Article 46, paragraph 1, letter a), of the Legislative Decree no. 231/2007, the so-called "highly confidential" communication ("riservatissima") to the Head of the operating structure to activate without delay the appropriate assessments for the initiation of the reporting process of potentially suspicious transactions. At the same time, they inform the Head of Suspicious Activity Reporting of this;
- the outcome of the checks carried out and any deficiencies found are communicated to the structures of the Chief Compliance Officer Governance Area and to the Chief Audit Officer for their respective assessments.

The structures that oversee the services of digital customer channels shall collaborate for their respective areas of responsibility, in the Pre-Implementation Assessment of the remote customer onboarding solution, in the definition and execution of controls and in the identification of mitigation measures and corrective actions for each identified risk, to ensure the proper functioning of the adopted solution on an ongoing basis.

3.12 Other organizational functions

The principles described for the Divisions are applied to the structures, present in the Governance Areas, with operations with customers and / or with counterparties external to the Bank, to which the obligations relating to combating money laundering, terrorist financing and embargoes apply.

4 MACRO-PROCESSES FOR COMBATING MONEY LAUNDERING AND TERRORIST FINANCING AND FOR MANAGING EMBARGOES

The following main macro processes were identified, which describe how to monitor and control the risk of money laundering, terrorist financing and breach of embargoes:

- definition of guidelines and methodological rules;
- Anti Financial Crime (AFC) Risk Assessment and risk appetite framework;
- planning of activities;
- regulatory alignment;
- advisory and clearing;
- assurance;
- diffusion of a culture on anti-money laundering, combating terrorist financing and managing embargoes;
- interaction with the Authorities and management of non-compliance events;
- specific requirements;
- information flows to Corporate Bodies.

4.1 Definition of guidelines and methodological rules

The Head of the Anti Financial Crime Head Office Department, in accordance with the Head of the Chief Compliance Officer Governance Area, defines the applicable guidelines and methodological rules to monitor and assess, at Group level, the risk of money laundering, terrorist financing and breach of embargoes.

The operational and reputational components of the risk assessment methods, and the way to integrate the assessment of such risk into the Risk Appetite Framework are defined by the Head of the Anti Financial Crime Head Office Department, in accordance with the Head of the Chief Compliance Officer Governance Area and with the help of the Head of the Chief Risk Officer Governance Area.

4.2 AFC Risk Assessment and Risk Appetite Framework

The identification and periodic assessment of the risk and related vulnerability constitutes the first logical step in the management model, and helps in the definition of the risk appetite principles and consequent limits to submit for approval to the Board of Directors within the scope of the Risk Appetite Framework (RAF) as well as to the identification and planning of the actions to take to reduce risk in the area of money laundering, terrorist financing, breach of embargoes, the rules governing transactions with subjects active in the armaments sector²⁰ and corruption²¹.

The Bank of Italy Regulation of 26 March 2019 containing implementing provisions on organisation, procedures and internal controls, as amended by the Bank of Italy's Regulation of the 1 August 2023, requires recipients to carry out an overall assessment, which is periodically updated, of its exposure to money laundering risk to indicate in the Annual Report (the so-called self-assessment of exposure to the risk of money laundering).

²⁰ With regard to the transactions with subjects active in the armaments sector and the RAF, it has to be highlighted that the enhanced valuation process can be extended to transactions involving EU and/or NATO countries in the context of the Risk Appetite Framework process.

²¹ For the definition of this risk area and the related reference framework, please refer to the Group Anti-Corruption Guidelines.

The Head of the Anti Financial Crime Head Office Department annually formulates - except in cases of significant change in the reference scenario or in the operating perimeter that requires interim assessments - a risk assessment on the aforesaid risks (the so-called AFC Risk Assessment) for main entities of each Division and for the Group, which it submits to the Managing Director and CEO and, therefore, to the Risk and Sustainability Committee, the Management Control Committee and Board of Directors. This assessment is drawn up on the basis of the records provided by the Anti Financial Crime Head Office Department (for the Italian Banks and Companies of the Group that apply the centralised management model) and by the AML Officers of Group Companies and Foreign Branches (that apply the steering, coordination and control model).

The assessment is carried out on the basis of the methods defined by the Head of the Anti Financial Crime Head Office Department, in accordance with the Head of the Chief Compliance Officer Governance Area and with the help of the Head of the Chief Risk Officer Governance Area. In particular, the AFC Risk Assessment methodology surveys the extent of inherent risk and related vulnerabilities, through mainly quantitative indicators, integrated with qualitative assessments that relate the types of potential risk (e.g. customer risk level, risk level associated with non-cooperative Countries for the purposes of Commission Delegated Regulation (EU) 2019/758) and aspects mitigating the risk of money laundering, terrorist financing and breach of embargoes (e.g. the number of customers whose beneficial owner has been recorded), in relation to the dimensional data of the entity in question.

The risk assessments at Division level result from aggregation of the assessments of the relevant entities of each Division with the Group assessment from the aggregation of the assessments of the Divisions. The assessment of the inherent risk, the vulnerability and the residual risk is expressed on a four-level scale, which is the same as the other Corporate Control Functions.

The risk assessment models with respect to money laundering, terrorist financing and breach of embargoes are integrated into the RAF. To this end, within the scope of defining the RAF, the Head of the Anti Financial Crime Head Office Department, in accordance with the Head of the Chief Compliance Officer Governance Area:

- proposes qualitative statements relating to the risk of money laundering, terrorist financing and breach of embargoes;
- shows the risk profiles resulting from the AFC Risk Assessment and proposes related risk appetite levels;
- establishes the limits relating to the operating losses and other relevant quantitative Key Risk Indicators to monitor the risks, with a specific focus on those which could constitute indicators of breaching the law in the area of financial crime; if the established thresholds are exceeded, the causes are identified and analysed and the steps to mitigate them are defined, implementing, where necessary, the escalation mechanisms provided by the Guidelines on the RAF;
- identifies, in accordance with their sensitivity, any specific risk categories with respect to money laundering or terrorist financing, where it is necessary to separately assess the risk level and defines specific management guidelines, monitoring and mitigation actions;
- defines the way to assess and control reputational risks resulting from the breach of mandatory regulations or self-regulation.

The AFC Risk Assessment evaluations also contribute to the Integrated Risk Assessment - reviewed as part of the Group Control Coordination and Non-Financial Risks Committee, Integrated SCI session - aimed at providing a summarised overview of the assessments produced by each Control Function on the Group as a whole, and on the main legal entities and Divisions, in accordance with the methods in use with each Function.

4.3 Planning of activities

The identification and prior assessment of risks of money laundering, terrorist financing and violation of embargoes and related vulnerabilities is preparatory to the planning of management interventions,

to be submitted, in the context of annual anti-money laundering reports, to the Managing Director and CEO and therefore to the Board of Directors for approval, after review by the Risks and Sustainability Committee and Management Control Committee.

The Head of the Anti Financial Crime Head Office Department plans management interventions annually, except in cases of significant change in the reference scenario or in the operating perimeter that require interim planning.

Planning of activities is carried out considering all activities to implement, allocated by macro-processes and defined in terms of priorities, objectives, deadlines and relative use of human and financial resources. The planning is supported by the update of the sizing analysis carried out by the Head Office Organization Department, according to logics of priority. If any shortcomings are identified from the comparison with the available resources, appropriate mitigation actions are defined, on a risk-based logic, brought to the attention of the Managing Director and CEO and, therefore, to the Risk and Sustainability Committee, the Management Control Committee and the Board of Directors.

The planning also includes priority digital transformation interventions within the Chief Compliance Officer Government Area (Digital Compliance Strategy).

4.4 Regulatory alignment

The monitoring of the risk of money laundering, terrorist financing and breach of embargoes is carried out on a preventive basis, firstly ensuring that external laws are constantly monitored and adequately incorporated into the guidelines, processes and internal procedures. The regulatory alignment is guaranteed through the following activities:

- the continued identification and interpretation of the external regulations that apply to the Bank, through continuous monitoring of the external regulatory sources, and the consolidation, if there are changes in the law, of a single, agreed interpretation;
- assessment of the impact of applicable regulations on company processes and procedures, with proposed organisational and procedural modifications aimed at ensuring an adequate control of risks.

The Anti Financial Crime Head Office Department is in charge of continually identifying external laws, with the support of the Legal Affairs Head Office Department - Group General Counsel in order to interpret the laws.

The assessment of the impact of applicable laws and consequent proposal of guidelines, rules, processes and procedures is managed by the Anti Financial Crime Head Office Department, with assistance from the Organisation Head Office Department and Innovation & Processes, and for legal aspects, from the Legal Affairs Head Office Department - Group General Counsel.

The purpose of regulatory alignment is to define ex ante a framework for compliance with regulations and laws, based on the following guidelines:

- the guidelines and main strategies to manage the areas with crossover impacts on Group operations are defined in specific guidelines that need to be approved by the Board of Directors;
- the rules governing relevant areas are set out in documents that describe the methodological aspects, operational mechanisms, rules of conduct and mandatory restrictions to comply with, also implementing the guidelines and in compliance with the policies contained therein;
- the processes, where standardised, are supported by IT procedures and instruments that can assist and guide the behaviour of the staff, in order to ensure they behave correctly;
- in the more sensitive processes, the guidelines and rules of other Bank structures provide for the prior involvement of the Anti Financial Crime Head Office Department;
- the processes establish a system of controls which can effectively monitor the effectiveness of the controls over time, even taking into account the legal and business evolution.

The oversight of the prospective evolution of legislation and regulatory proposals is carried out by the Anti Financial Crime Head Office Department in collaboration with the Institutional Affairs Head Office Department and the International Public Affairs Unit.

4.5 Advisory and clearing

Compliance risk monitoring adopts a preventive-based approach, also through the following activities:

- the advisory activity and assistance given to Corporate Bodies and Bank structures on the interpretation and application of external and internal rules;
- the prior assessment of compliance with prevailing laws, in compliance with the Product Governance and clearing processes and the safeguards provided for the Major Transactions, on:
 - innovative projects, including the start up of new activities and entry on new markets, identifying for the latter the Countries where any new establishment would imply a risk considered to be unacceptable;
 - new products and services to be marketed and/or significant changes to existing ones;
 - sensitive cases and transactions in relation to which company processes, as governed by the guidelines and rules of other Bank structures, provide for the prior assessment by the Anti Financial Crime Head Office Department, including:
 - verification of compliance of operations identified as sensitive for embargoes and which involve Countries, product sectors or individual/entities subject to sanctioning regimes and /or restrictive measures;
 - the binding opinion on the anti-money laundering conditions in the presence of which the reputational risk consequent to possible new settlements of the Group is considered acceptable, identifying the Countries in which any new settlement implies a risk deemed unacceptable and those for which a prior opinion must be obtained.

The assessments of the Anti Financial Crime Head Office Department are carried out using formats that, as far as possible, are defined to include the following:

- the subject of the assessment;
- the applicable internal and/or external regulatory context;
- the main aspects to analyse, which are significant for assessment purposes;
- brief considerations, identifying the level of consistency with the spirit and letter of the law and internal regulations, any residual risks and recommendations.

The extent of the analysis is in proportion to the level of complexity and new aspects considered, as well as applicable regulations.

4.6 Assurance

4.6.1 The assurance model

The control of the risk of money laundering, terrorist financing and breach of embargoes, entails, also on a preventive basis, takes concrete form, in addition to a preventive perspective, through subsequent checks of the adequacy and effective application of the internal processes and procedures, the suggested organisational changes to prevent risk, and in general, the monitoring of effective compliance with external and internal rules by the company's entities.

In line with the Integrated Internal Control System Regulation provisions with respect to risk monitoring and control, the assurance model assigns:

- the line controls to the operational, business and support entities, carried out on continuously and steadily over single transactions, and the managerial analyses consisting of the systematic

monitoring of phenomena characterised by high anomaly levels that have to be promptly dealt with, and/or reported to a context of operational and management uniformity;

- to second level control functions the monitoring of the correct adoption of the applicable methodological and control framework, through verifications on the design of processes, procedures and on the actual and correct adoption of required controls.

The model defined to create the risk assurance process relating to the risk of money laundering, terrorist financing and breach of embargoes provides for the following:

- during the definition of the review of company processes, also following changes to the external legal context, the Anti Financial Crime Head Office Department establishes the control objectives to mitigate the risk of money laundering, terrorist financing and breach of embargoes, notifying the operational structures, as well as competent organisational structure;
- the operative structures, in association with the Anti Financial Crime Head Office Department and the Compliance Governance, Privacy and Controls Head Office Department define the first level controls that they believe are capable of actually achieving the control objectives, and implement them, involving the Organisation Head Office Department and Innovation & Processes for areas in their responsibility. The first level controls identified by the Divisions and other operational, business and support structures are submitted for review by the Anti Financial Crime Head Office Department and the Compliance Governance, Privacy and Controls Head Office Department, that will assess their capacity to actually achieve the control objectives, and if necessary, will request their consolidation;
- the Anti Financial Crime Head Office Department and Compliance Governance, Privacy and Controls Head Office Department, on the basis of an assessment of the process defined in that manner and the results of the first level controls, define and carry out the second level controls; these controls may be remote, checking the performance of monitored events, or on-site controls of processes adopted by operating structures and their effectiveness, as well as controls on the correct performance of level-one controls by operating structures, recurring or occasional checks on specific aspects of the legislation; depending on the level of risk identified, and taking account of capacity limits, the frequency of controls may be continual or periodic, or inter-annual, annual, or long-term, or on a *una tantum* basis;
- the Anti Financial Crime Head Office Department oversees the quality assurance activities and carries out second level testing controls on regulatory fulfillments related to anti-money laundering, countering the financing of international terrorism and violation of embargoes aimed at assessing (i) the correct application of the following processes: Know Your Customer, Transaction Monitoring, Financial Sanctions, storage and making available of documents, data and information, or their individual phases and (ii) the consistency of the decisions made in the individual processes.

4.6.2 Method for carrying out activities

The continuous and periodic first level controls and second level controls are formalised, in accordance with the provisions of internal corporate rules, in specific control charts that identify the unit in charge, the objective and how the control is carried out, the relative frequency, the criteria to use to attribute the results of the control and how it is reported.

The periodic or *una tantum* second level controls, mostly relating to checks on the processes and/or phenomena considered to be significant, are planned by the Compliance Governance, Privacy and Controls Head Office Department, in association with the Anti Financial Crime Head Office Department, usually on an annual basis, taking account of the results of the AFC Risk Assessment and/or other signs (for example findings by the Supervisory Authorities or the Chief Audit Officer units, specific requests of the Corporate Bodies).

The Compliance Governance, Privacy and Controls Head Office Department reports these controls to the Anti Financial Crime Head Office Department and to the operational, business and support

structures; this reporting must be based on a format defined beforehand, as far as possible, and must include:

- the characteristics of controls (the subject, the applicable internal/external regulatory context);
- details of controls carried out and relative outcomes;
- brief considerations, indicating residual risks and mitigation actions suggested.

Individual organisational units are responsible for planning and adopting corrective actions; the above-mentioned Head Office Departments monitor and track the progress of actions identified.

4.6.3 Interaction with other control functions and information flows

The collaboration methods between the Corporate Control Functions and the relative information flows are set out in the "IICS Regulation".

In carrying out the checks, the Anti Financial Crime Head Office Department and the Compliance Governance, Privacy and Controls Head Office Department also use the results of checks by the Chief Audit Officer units, who make the necessary assessments on the processes and behaviour, making the relative results available to the units in charge of monitoring.

Additionally, in order to ensure the ongoing effectiveness and validity of the control systems monitoring the risks of money laundering, terrorist financing and breach of embargoes, specific Groups have been set up at Divisional level, where considered necessary, in which the first, second and third control level Functions take part, aimed at:

- getting more in-depth information on the findings from the control activities, encouraging the standard and integrated assessment of the risks in question;
- analysing the results of the assessments made by the Supervisory Authorities;
- sharing and coordinating the remediation actions to implement to deal with the most significant anomalies found, monitoring their execution;
- planning the activities related to implementation and updating of the control system in terms of preparation and reviewing the relative internal rules, identification of any procedural adjustments and definition of the consequent information flows in order to set up the control activities on a consistent and integrated basis.

The Anti Financial Crime Head Office Department and the Compliance Governance, Privacy and Controls Head Office Department have access to all the Bank activities and any relevant information to carry out their duties, including through direct interaction with the staff. To this end:

- they receive and send the information flows reported in the "IICS Regulation";
- the other company structures must inform them, in a timely and complete manner, of any relevant facts in order to monitor the risks in question;
- they may request and receive any other relevant information to carry out their duties from the other company functions.

4.6.4 Follow-up process

The development of risk mitigation actions to solve criticalities identified by assurance controls and compliance with relative deadlines are followed up on a continual basis by the Anti Financial Crime Head Office Department, through specific mechanisms defined, based on the significance of the criticalities and supported by adequate tools to monitor the progress of individual activities and evolution of gaps identified, in order to take necessary escalation initiatives, in the case of significant delays.

4.7 Diffusion of a culture on anti-money laundering, combating terrorist financing and embargoes

The diffusion, at all company levels, of a culture based on the principles of honesty, fairness and compliance in accordance with the spirit and letter of the law is a basic assumption in controlling risk. The effective adoption of regulations on money laundering, combating terrorist financing and managing embargoes must bear in mind the aims and principles underlying the system.

The Anti Financial Crime Head Office Department works with the Remuneration Policies & Learning Head Office Department, relying on the dedicated outsourcer, the People Management & HR Transformation Head Office Department, the HR functions of the different Divisions and the Internal Communication to establish efficient channels of communication and training instruments, identifying relative training requirements and preparing the content of training initiatives for all the Bank resources, in order to ensure that staff, with specific attention paid to the sales staff and the heads of the business structures, have adequate awareness of applicable laws, obligations and related responsibilities, the consequences resulting from failure to fulfil said obligations and to ensure they are able to knowingly use supporting instruments and procedures in meeting requirements established by law.

The Anti Financial Crime Head Office Department, with the assistance of the Remuneration Policies & Learning Head Office Department, the People Management & HR Transformation Head Office Department and the HR functions of the different Divisions, defines the three-year macro training objectives and the annual training plan for resources, monitors the evolution of the training programmes, checking its use²² and effectiveness, and provide adequate results to the Corporate Bodies, also for the timely identification of any action that may need to be taken.

In addition to traditional training activities, the Anti Financial Crime Head Office Department, guided by the Group Control Coordination and Non-Financial Risks Committee, and in association with the Remuneration Policies & Learning Head Office Department, organises and takes part in specific initiatives aimed at disseminating a culture of risk and expanding the level of awareness of the approach to risk requested, including in particular:

- induction sessions for Company Bodies and workshops for senior management on particularly delicate or topical issues;
- actions to make the operational, business and support structures more aware of the specific risk aspects involved in ordinary operations, including initiatives to ensure awareness of risks related to remote identification and related mitigation safeguards;
- diagnostic activities in order to understand the level of diffusion of the risk culture at all company levels, in terms of consistency of perceptions and conduct with respect to required guidelines and policies.

Specific training programmes are also provided for personnel of the Anti Financial Crime Head Office Department, to keep them up to date with relative developments, and specific induction sessions are held for AML Officers of the Group Companies and Foreign Branches on risks of money laundering, terrorist financing and breach of embargoes.

4.8 Interaction with the Authorities and management of non-compliance events

The management of relations with the Authorities and of non-compliance events is an extremely important part of the control of compliance risk. The Anti Financial Crime Head Office Department provides for management of the following in the areas it is responsible for:

- relations with the Supervisory Authorities, coordinating activities necessary to follow up requests from the Authorities;
- non-compliance events, assisting and working with the unit involved, to ensure the identification and implementation of actions to take to bridge any organisational and/or procedural gaps.

²² Using the tools made available by the Remuneration Policies Learning Head Office Department.

Interaction processes also include sending specific reports to the Supervisory Authorities, in accordance with legal provisions on anti-money laundering, combating terrorism and managing embargoes. This reporting includes:

- the transmission of aggregated data concerning archive records to the FIU;
- the transmission of suspicious transaction reporting to the FIU;
- sending the FIU and the special unit of the Finance Police communications relating to the freezing of funds and economic resources related to parties to whom restrictive measures apply, within the scope of laws on embargoes and combating terrorist financing;
- the transmission to the FIU of the periodic reports concerning Russian and Belarusian deposits as well as the assets and reserves of the Central Bank of Russia in accordance with the regulations issued by the FIU;
- sending the FIU periodic communications²³ regarding transactions at risk in accordance with the implementation provisions issued by the FIU.

4.9 Specific requirements

4.9.1 Customer Due Diligence

Customer due diligence requirements are commensurate with the assessment of the actual level of risk of money laundering and terrorist financing associated with the customer. The risk of money laundering and terrorist financing is assessed considering the customer's characteristics, conduct and the specific nature of the account or transaction to carry out, taking into account the criteria indicated in applicable legislation.

Based on the level of risk attributed to the customer, the following approach to due diligence is adopted:

- ordinary obligations;
- simplified obligations;
- enhanced obligations.

Due diligence obligations shall be observed (i) in relation to accounts and transactions that are part of institutional activities, ii) in all cases where money laundering or terrorist financing is suspected, regardless of any exception, exemption or applicable threshold and (iii) when there are doubts as to the accuracy or adequacy of data previously obtained.

If it is not possible to comply with customer due diligence obligations, an account cannot be opened, a transaction cannot be carried out, or an assessment of whether to close an existing account must be made. In these cases, the sending of suspicious activity reporting must be considered.

Customer due diligence obligations are met through:

- identifying the customer, any executing party and beneficial owners, and checking the identity of these subjects: the identification is based on obtaining identification documents, documents certifying due diligence issued by other intermediaries and any additional information required to establish the risk profile to be assigned to the customer; assessing the identity of subjects based on documents, data and information obtained from a reliable and independent source;
- customer profiling based on the risk of money laundering, terrorist financing and breach of embargoes: profiling is based on assigning a score - produced from data and information obtained when opening an account and monitoring activities - and the consequent classification of customers into four bands, depending on whether the risk is considered as high, medium-high, medium-low or low²⁴; in the case of high or medium-high risk customers, enhanced due

²³ With reference to the Foreign Companies of the Group, only if this is provided for by the relevant national legislation.

²⁴ The nomenclature of the risk ranks in the various applications used for customer profiling will be gradually aligned with the provisions of these Guidelines; in the meantime, the attribution to the risk rank adopted is reported in the relative methodological rules.

diligence obligations apply. Profiling is subject to a harmonisation process at a Group level, based on which each Company of the Group undertakes the highest risk profile from those assigned by other Group Companies for the same customer;

- authorisation to open a new account, execute an occasional transaction or maintain an existing account on the basis of the risk profile assigned to the customer: for high or medium-high risk customers, to whom enhanced due diligence obligations apply, authorisation is issued: (i) for high risk customers, by the Anti Financial Crime Head Office Department, save for any authority given by the Head of this Department to other Bank structures, based on previously established, objective criteria; (ii) for medium-high risk customers, by the operating structure. With the exception of Politically Exposed Persons, relationships and transactions involving high risk third Countries and correspondence relationships with corresponding credit or financial institutions in a non-EEA country, for which the authorization is given by a senior manager²⁵ based on specific authority granted by the Managing Director and CEO;
- authorisation or refusal to proceed, issued by the Anti Financial Crime Head Office Department, for customers who, during registration, opening of a relationship or updates of the register, are found to be on the Sanctions Lists or with Terrorists lists, even following checks carried out by the applicable functions of the Business Service Center structure;
- the authorization in exceptional situations to open new relationships with Russian/Belarusian citizens or residents of Russia/Belarus, or legal persons, entities or bodies established therein;
- the periodic update of information on customer due diligence and periodic review of the risk profile: for customers with a high risk, medium-high risk or medium-low risk, data on due diligence are updated, and the relationship is reviewed, every 12, 18 and 48 months respectively²⁶, apart from Financial Institutions, whose data update and due diligence are reviewed every 12 months for customers in the high and medium-high risk range, every 24 months for customers in the medium-low risk range and every 36 months for customers in the low risk range;
- the updating of information relating to due diligence and the reassessment of the relationship upon the occurrence of certain events (so-called "event driven review"), such as i) the acquisition of the status of Politically Exposed Person (PEP) or PEP Related Persons status; ii) reporting of suspicious transactions; iii) notification of a criminal or tax investigation; iv) the change of a beneficial owner or corporate structure; v) the presence of Crime information²⁷.

The conduct of the preliminary activities for due diligence, in the customer onboarding and risk profile review phases, takes place, where the conditions are met in terms of effectiveness and efficiency, through the Competence Center of Know Your Customer.

4.9.1.1 Ordinary due diligence obligations

For customers without a high or medium-high profile related to risk of money laundering and terrorist financing, classified at low or medium-low risk ranges, ordinary due diligence obligations apply, consisting in identifying the customer, any executing party and beneficial owner, checking the identity of subjects referred to, based on documents, data and information obtained from a reliable, independent source, and obtaining and assessing information for this purpose and on the nature of the ongoing relationship or occasional transaction, verifying the presence of any negative news about the customer, and carrying out continuous controls on the account/relationship.

²⁵ After obtaining, in cases of Politically Exposed Persons in the medium-high risk range and corresponding credit and financial institutions from a non-EEA country in a risk range other than high, the opinion of the Anti-Money Laundering Function for the opening or maintenance of a continuing relationship. If the senior manager decides not to comply with the opinion of the Anti-Money Laundering Function, he/she is required to formalize and justify the decision and identify the measures that will be taken to mitigate the risks raised by the Anti-Money Laundering Function.

²⁶ For the customers of the Foreign Branches, the frequency of updating and revision are: 12 months for customers in the high risk range, 24 months for customers in the medium-high risk range and 36 months for customers in the medium-low and low risk range. with the exception of the Shanghai and Dubai branches for which the frequency of update is 24 months.

²⁷ Meaning the evidence, found by consulting external databases, of orders issued by the Authorities for particularly serious criminal offenses.

4.9.1.2 Customer remote onboarding

The customer remote onboarding, meaning the execution of the identification and due diligence processes without the physical presence at the Bank of the customer requires specific measures also considering the risk of fraud related to identity theft.

The Bank for the opening of remote relationships proceeds to remotely acquire from the customer the identification data and copy of an identification document, requesting the customer, as an additional verification measure, the execution of a bank transfer from another account in his name or the recording of a video. If the identification data is automatically captured from the identification document, the data is resubmitted to the customer for confirmation. Controls are carried out on the conformity and authenticity of identification documents, consistency of data and evidence acquired. If there are inconsistencies or insufficiencies in the data or doubts about the authenticity of the identification document acquired from the customer, one or more of the following additional verification measures are used²⁸: (i) telephone contact on a land line (welcome call), (ii) sending notices to a physical address with notification of receipt, (iii) a signed request to send documents, (iv) checks on residence, domicile, activities carried out, through requests for information from competent offices or through meetings on site, with own or third-party personnel, (v) findings based on solutions with secure forms of biometric recognition.

If the due diligence questionnaire is acquired using remote methods, it is required that (i) the client is equipped with a device that enables the signing having the value of a digital signature of the documents through the use of a certification service provider operating under Italian law, and (ii) the sending of the questionnaire signed by the client is done by certified e-mail.

Regardless of the methods used, handling of the relationship is allowed only after the identification check process has been successfully completed.

4.9.1.2.1 Pre-Implementation Assessment and ongoing monitoring of processes for opening remote relationships.

The processes of remote customer identification and onboarding are formalized and detailed in the internal regulations. The model for overseeing these processes includes:

- the preliminary assessment of the remote onboarding solution (so-called Pre-Implementation Assessment) aimed at:
 - (i) assessing the adequacy of the solution in terms of the completeness and accuracy of the data and documents to be collected, as well as the reliability and independence of the information sources used. To this end, the criteria for acquiring the necessary information, the criteria and timing of data and document retention, the integrity and authenticity checks and controls of data and documents acquired during remote onboarding, any additional measures to be taken and their applicability criteria are defined and formalized in internal regulations;
 - (ii) assess the impact of the use of the solution on business risks including operational, reputational, legal, and ICT risks related to impersonation through the involvement of the relevant technical and specialist functions;
 - (iii) identify mitigation measures and corrective actions for each identified risk;
 - (iv) define ex ante tests to assess ICT and fraud risks and end-to-end tests on the operation of the solution;
- ongoing monitoring of the onboarding solution adopted through periodic and event-driven controls to ensure its proper functioning over time (so-called Ongoing Monitoring). The controls

²⁸ In exceptional cases, within the scope of corporate finance operations, such additional verification measures may be applied in cases where foreign entities are remotely identified that do not have certified e-mail and/or devices for signing documents with digital signatures issued by certification service providers operating under Italian law.

are aimed at assessing (i) the adequacy and reliability of the solution with respect to the various areas impacted, (ii) the exposure to risks in the areas of anti-money laundering and countering the financing of terrorism, as well as embargoes, (iii) the quality, accuracy, completeness and adequacy of the data²⁹ and documents collected and archived, (iv) the reliability and independence of the data and info-provider used. They are formalized, in accordance with the provisions of the company's internal regulations, in special control sheets that identify the responsible structure, the object, the manner of carrying out, the periodicity, the hesitation criteria and the related reporting methods.

There is provision for an ad hoc review of the solution in the event of structural changes to the adopted solution or upon the occurrence of certain events such as (i) changes in the exposure to anti-money laundering and counter-terrorist financing risks, as well as embargoes, (ii) deficiencies detected in the operation of the solution, (iii) increase in fraud attempts, and (iv) changes in the regulatory environment.

4.9.1.3 Simplified customer due diligence

In the case of a reduced risk of money laundering or terrorist financing, due diligence obligations may be simplified, reducing the extension and frequency of ordinary obligations. This category, unless otherwise determined ad hoc regarding a specific customer, comprises the following customer categories:

- banking and financial intermediaries as indicated in Article 3, paragraph 2 of Legislative Decree 231/2007, excluding traders, insurance intermediaries operating in the life sector, trust companies registered pursuant to Article 106 of the Consolidated Banking Act, financial advisors and financial consulting companies as indicated in Articles 18-bis and 18-ter of the Consolidated Finance Act;
- companies listed on regulated markets and subject to the disclosure obligations that include ensuring adequate transparency of beneficial owners;
- public administrations, institutions or bodies that perform public functions conforming to European Union law;
- banking and financial intermediaries in the EU or with their headquarters in a non-EEA country adopting an effective system to combat money laundering and terrorist financing, based on indicators used to determine such risks.

Simplified due diligence entails the following, in any case:

- collecting information necessary to identify the customer, any executing party and beneficial owner, and to check their identity;
- with reference to the beneficial owner, reconstructing the control chain, based on the customer's declaration or on reliable external sources;
- obtaining information on the scope/nature of the account/relationship, also using assumptions in identifying whether the product is intended for a specific use;
- collecting all other information necessary for customer profiling, also using information that may be inferred from public sources (institutional sites of the Supervisory Authorities, sites of intermediaries involved, financial statements where available, external info providers);
- carrying out continual control of account/relationship;
- retaining data and information on accounts and transactions, according to previously established procedures.

The simplified fulfilment of the due diligence obligations is subject to continuous verification of the persistence of the relevant conditions.

Simplified due diligence does not apply when:

²⁹ Including any files.

- there are doubts, uncertainties or inconsistencies regarding identifying data and information obtained during identification of the customer, any executing party or the beneficial owner;
- the conditions to adopt simplified due diligence no longer apply, based on the risk indices in applicable legislation;
- the monitoring of overall transactions of the customer and information obtained exclude a low risk of money laundering and terrorist financing;
- in any case, when money laundering or terrorist financing is suspected.

4.9.1.4 Enhanced customer due diligence

Enhanced due diligence, the depth of which depends on the customer's classification in the two different risk ranges, applies to customers classified as high risk or medium high risk range. The following are always considered as high and medium-high risk:

- particular types of accounts and transactions:
 - accounts and occasional transactions involving: (i) high risk third countries as defined in the EU Regulation 1675/2016 and subsequent updates, (ii) countries subject to sanctions in terms of embargoes, (iii) countries that present critical issues in terms of cooperation in the tax field; (iv) Countries included in the specific FATF lists "High Risk Jurisdictions subject to a Call for Action" and "Jurisdictions under Increased Monitoring", (v) Countries other than those mentioned above classified as high risk by the Bank;
 - correspondent accounts that involve payments, and similar accounts with credit and financial institutions established in a non-EEA country;
 - cash transactions with large denomination bank notes;
 - transactions with unusually high amounts, or for which there are doubts as to their purpose;
 - deposits of cash/instruments from other States;
- special types of customers or business sectors:
 - Politically Exposed Persons (PEP) and PEP Related Persons;
 - other types of customers or business sectors considered as high and medium-high risk, such as: (i) entities engaged exclusively or secondarily in the business of gold trading ("Compro Oro"), (ii) trusts and trust companies ("società fiduciarie"), (iii) Italian and foreign money transfer companies and their agents that undertake cash remittances, (iv) customers concerned with the disbursement of public funds/awarded public contracts, (v) betting operators, (vi) customers that are members of the System for the Protection of Applicants of Asylum and Refugees (SPRAR), (vii) foreign financial or credit intermediaries not subject to the authorization to carry out their activities by the Supervisory Authorities of the Country where the principal place of business is established, (viii) service providers relating to the use of virtual currency (*Virtual Asset Services Provider - VASP³⁰*), (ix) companies that have issued bearer shares, (x) subjects active in the armaments sector, (xi) Payment Institutions, (xii) customers operating in the scrap, waste, petroleum and energy³¹ business sectors, (xiii) trustees operating through non-Group trust companies, and (xiv) 'Iranian Subject' status.

Enhanced due diligence measures entail:

- collecting further information on:
 - the customer, any executing party and the beneficial owner or the ownership and control structure in order to check data and information provided by the client, the nature of the activity carried out by the client and/or the beneficial owner, the acquisition and assessment of information concerning reputation including the research and evaluation of any negative news;
 - the account/relationship to fully understand its nature and scope, obtaining information from the customer the origin of funds, as well as on the reasons why a given product/service is requested;

³⁰ Custodian wallet providers are also included in this category

³¹ Restricted to marketing activities.

- a greater frequency and intensity of continual controls of accounts, with the updating of information and profiling, the examination of significant transactions or anomalies and overall movements, also based on types of amounts or transactions not considered by automatic monitoring or aggregation procedures;
- checking the origin of funds of the customer, used in accounts; adopting a specific authorisation procedure, which is stricter than that ordinarily used, when opening the account or carrying out occasional transactions or evaluations regarding the maintenance of the relationship. In particular, for accounts and occasional transactions with customers that are Politically Exposed Persons, in the presence of relationships or transactions involving high-risk third Countries, as well in case of correspondent relationships with banks or financial institutions having their principal place of business in non-EEA Countries, specific authorisation by a senior executive is required, based on specific authority granted by the Managing Director and CEO.

4.9.1.5 Performance of due diligence obligations by third parties

The Bank, under certain conditions, may make use of the due diligence carried out by a third party, which certifies the correct fulfilment of anti-money laundering obligations for the various activities carried out. If the third party is:

- a banking or financial intermediary (or other equivalent situations by law), it can perform all phases of due diligence with the exception of constant control of operations;
- a credit broker (“mediatore creditizio”) or an agent in financial activities (or other situations equivalent by law), he/she can only proceed with the identification of the customer, the executor and the beneficial owner, including the acquisition of a copy of the identification documents.

It is possible to rely on the identification and the results of the other phases of due diligence already carried out by the third party in cases in which:

- due to the type of product/service offered, the methods of the offer or effective practical difficulties, it is not possible to identify in person, off-site or remotely by employees or financial consultants authorized by the Bank, or by collaborators or external subjects used by the Bank;
- it is deemed necessary to carry out further checks on the customer already identified, drawing on the information in the possession of the third party.

In these circumstances, the third party issues to the Bank an appropriate attestation of the fulfillment of the obligations of identification or due diligence of the customer, for which it has proceeded to fulfill them on its own, in the presence of the customer or remotely, in relation to an ongoing relationship or the execution of an occasional transaction.

Under no circumstances may the due diligence obligations be delegated by the Bank to shell banks or intermediaries established in high-risk Countries or whose local laws prevent adequate safeguards against money laundering risks or financing of terrorism risks, and in particular, prevent the sharing within its own group of data and information relating to its customers. Furthermore, it is not possible to rely on customer due diligence measures taken by a branch or subsidiary of the Intesa Sanpaolo Group established in a third country whose legislation prevents the sharing within its group of data and information about its customers³².

4.9.1.6 De-risking

A blanket refusal or termination of establishing or maintaining relationships with entire categories of customers assessed to be high risk is not feasible. This is without prejudice to the cases expressly provided for by law relating to the prohibition of maintaining relationships with certain types of entities (e.g., shell banks and opaque structures based in high-risk third countries), as well as limitations on operations with specific categories of customers using higher-risk types of products/services (e.g.,

³² As of the date of publication of this Guideline, those countries are Russia and China (Qingdao Region) whose local regulations have limitations that cannot be overcome.

private banking products/services). The decision to refuse or terminate an ongoing relationship to an individual customer for anti-money laundering, terrorist financing or embargoes management reasons is tracked, keeping evidence of the relevant reasons.

4.9.2 Record keeping and making available of documents, data and information

For the fulfilment of record keeping obligations, the following are kept:

- a copy of the documents acquired during customer due diligence;
- the records and operations and ongoing relationships records, consisting of the original documents or copies having similar evidential effectiveness in judicial proceedings.

The documents, data and information acquired are kept for a period of ten years from the termination of the ongoing relationship or professional service or from the execution of the occasional transaction.

The data and information relating to:

- business relationships, transactions with no cash movements of € 5.000 or more and transactions with cash movements of € 1.000 or more (so-called above-threshold), are stored in the “Unique Electronic Archive” (AUI);
- transactions with no cash movements of less than € 5.000 and those with cash movements of less than € 1.000 (so-called sub-threshold), are stored in other electronic archives and made available in accordance with the standards laid down in the regulations.

To ensure the traceability of customer operations and to facilitate the performance of the control functions of the competent authorities, the data and information are made available to the same authorities, according to the standards provided for by the relevant provisions in force and without applying any exemptions, through the Unique Electronic Archive (AUI); this archive is managed by the Anti Financial Crime Head Office Department and by the Group Technology Office Department, each to the extent of their responsibility, in order to ensure the clarity and completeness of the information that it is filed, that must be easy to consult. On the basis of this archive, the aggregate data concerning the operations of the Bank are sent to the FIU by the Anti Financial Crime Head Office Department.

The data and information are made available to the authorities for ten years following the termination of the relationship or the completion of the transaction.

4.9.3 Transactions monitoring

Transactional monitoring obligations are met through the ongoing control of accounts, in order to verify the consistency of transactions with the scope of the account declared by the customer, identifying any transactions that are "unexpected", anomalous or inconsistent with the economic and financial profile of the customer or any news of significant events concerning the customer.

Three main processes have been established to guarantee control of transactions carried out by customers:

- ex ante monitoring, by the operational structures that carry out the transactions, to identify, block or report those suspected of money laundering, terrorist financing or breaching regulations on embargoes, and regarding the limitations of use of cash and bearer-negotiable instruments. The operating structures may be assisted by the advisory entity or the Anti Financial Crime Head Office Department, to assess whether there are grounds to refrain from carrying out a transaction. If there are grounds, the operating structures notify the Head of Suspicious Activity Reporting, so that s/he may assess whether to not carry out the transaction and request the FIU to issue a suspension measure in case of evident risk;

- ex ante control of the payments and documents representing goods by checking them against the Sanctions Lists and/or Terrorists lists and/or the internal Group lists and checking the findings from the control procedures. These checks first involve the Business Service Center structure and the operating structures that perform the transactions, which, if necessary, require authorisation from the Anti Financial Crime Head Office Department to go ahead with the transactions;
- ex-post monitoring by the Competence Center of Transaction Monitoring of the customer transactions and "intermediation" or "pass through" operations with evaluation of potentially anomalous transactions. The Competence Center of Transaction Monitoring carries out the analysis of the case through a two-levels structure, where the Business Service Center structure is responsible for the activities of analysis of the evidence produced by the automatic systems and the Anti Financial Crime Head Office Department for further analysis of transactions not archived by the Business Service Center structure as false positives. The transactions assessed by the Anti Financial Crime Head Office Department as worthy of consideration are submitted to the Head of the competent operating structure in order to initiate the suspicious transaction reporting process.

Furthermore, in order to reduce the risk of money laundering, terrorist financing and violation of embargoes, and the related reputational, legal and operational risks, taking into account specific regulations on the matter, the Intesa Sanpaolo Group:

- does not execute the so-called "cover payments", meaning by this definition the payments in which the information relating to the payer and the beneficiary of the transaction are typically routed in a message other than that relating to the movement of funds and which does not necessarily pass through a payment system;
- does not operate with the so-called "*payable-through accounts*" or "*passing accounts*", meaning by this definition the cross-border correspondence banking relationships maintained between financial intermediaries with direct use by the financial intermediary's customers (for example, through drawing of checks on the correspondent account).

4.9.3.1 Monitoring of funds transfers

In compliance with the provisions of the Regulation (EU) 847/2015, which lays down rules on the information on payers and payees, accompanying transfers of funds, specific controls are implemented in order to verify that the transfers of funds are accompanied by the required information. The procedure adopted provides for a combination of ex post and ex ante controls. These checks involve in the first instance the Business Service Center structure and the structures of the AML Officers³³.

4.9.4 Reporting of suspicious transactions

To ensure that obligations on reporting of suspicious transactions are met, the reporting procedure, in accordance with regulatory requirements, comprises two separate stages³⁴:

- first level reporting by the Heads of the company operational structures, who have to immediately report any transactions of this nature that they discover to the Head of Suspicious Activity Reporting; the reports in question may be originated both from evidences deriving from the Competence Center Transaction Monitoring and from the autonomous monitoring activity carried out by the Heads of the operating structures;
- second level reporting by the company units identified in the Anti Financial Crime Head Office Department, who examine the reports received and, if considered warranted, send them to the

³³ At the date of publication of these Guidelines, ex ante controls are carried out on the cross-border transfers of the Parent Company and of the Foreign Branches of London, Dubai, Hong Kong, Shanghai, Singapore, Tokyo, Abu Dhabi, Amsterdam, Frankfurt, Paris, Madrid, Istanbul, Sidney and Warsaw and will be subject to progressive extension.

³⁴ With reference to the Foreign Companies of the Group only if this is provided for by the relevant national legislation.

Financial Intelligence Unit (FIU). Reports on transactions considered suspicious with respect to money laundering, terrorist financing or financing proliferation programmes for weapons of mass destruction coming from the operational structures fall under the above-mentioned examination.

The first level reporting by the Heads of the corporate operating structures may also originate from the implementation by the latter of the so-called "highly confidential" communications ("riservatissime") sent as a result of the control activities carried out by the Chief Audit Officer and the Chief Compliance Officer Governance Area, as well as by the structures with first level control tasks in the Divisions.

The data and information relating to reports of suspicious transactions are shared at Group level, subject to compliance with the limits imposed by the laws where the Foreign Companies and Branches are based.

4.9.5 Country risk management

4.9.5.1 Restrictions on operations with particular categories of customers

There is an obligation to refrain from entering into an ongoing relationship and executing an occasional transaction, together with the obligation to terminate the existing relationship, in which trusts, trust companies, anonymous companies, or companies controlled through bearer shares, located in high-risk third countries, as defined by Delegated Regulation (EU) 2016/1675 and subsequent updates, are directly or indirectly parties.

The Bank also takes appropriate measures to assess with particular care relationships with clients who request to carry out transactions suspected of tax evasion, especially if they involve the use of complex corporate schemes established in countries with critical tax cooperation issues.

4.9.5.2 Risk management in a non-EEA Countries context

In compliance with provisions in the Commission Delegated Regulation (EU) 2019/758, which regulates the minimum action and type of additional measures to adopt to mitigate the risk of money laundering and terrorist financing in relation to non-EEA Countries, the Anti Financial Crime Head Office Department, in adopting Group methodologies, ensures that procedures of Group branches and units with their principal place of business in these non-EEA Countries are aligned with Group standards and allow for significant information on customers, including information on suspicious transactions to be shared, save for compliance with limits established by local legislation.

Where the legislation of non-EEA Countries does not allow Group branches and units established there to align with Group standards or to share significant information on customers with it, the Anti Financial Crime Head Office Department, in keeping with provisions in Commission Delegated Regulation (EU) 2019/758, informs the Bank of Italy and arranges for additional measures, according to a risk-based approach.

4.9.6 Non-Group outsourcing

The risk assessment process of new outsourcing and/or essential changes to existing outsourcing, in cases where activities attributable to anti-money laundering and counter-terrorist financing obligations and in embargoes are outsourced, is reviewed in advance by the Anti Financial Crime Head Office Department.

4.10 Information flows to Corporate Bodies

Processes for communication to the Corporate Bodies and to the Managing Director and CEO, as the Member of the Management Body Responsible for AML/CFT, include the following information flows:

- planning of activities, defined on the basis of the self-assessment of the risks (of money laundering, terrorist financing, violation of embargoes and corruption) to which the Bank and the Group are exposed, the completed training activities and the training plan for the following year, submitted, as a rule annually, to the Managing Director and CEO and for approval to the Board of Directors, after review by the Risk and Sustainability Committee and the Management Control Committee;;
- report on a half-yearly basis sent to the Managing Director and CEO, to the Board of Directors, the Risk and Sustainability Committee and the Management Control Committee on the verification activities carried out, on the initiatives undertaken, on the ascertained dysfunctions and on the related corrective actions to be taken as well as on the personnel training activity; the annual report also incorporates the results of the self-assessment exercise on the risks of money laundering, terrorist financing, embargoes violation and corruption, the planning of activities and the training plan for the following year;
- information flows on a quarterly basis to the Managing Director and CEO, dedicated to anti-money laundering and counter-terrorist financing issues, as well as embargoes management, in order to ensure sufficiently comprehensive and timely information and data on related risks and compliance with regulatory requirements;
- disclosure on serious, or repeated or systematic or multiple offences, pursuant to Article 46, paragraph 1, letter b), and of the offences pursuant to Article 51, paragraph 1 of Legislative Decree no. 231/2007, sent to the Management Control Committee, on a half-yearly basis, or the next applicable meeting in the case of particularly serious offences; notice to the Supervisory Authorities or Ministry of Economy and Finance is only sent afterwards;
- specific information to the Managing Director and CEO, to the Board of Directors, to the Management Control Committee and to the Risk and Sustainability Committee on issues, deficiencies and violations of particular relevance.

5 GROUP DIRECTION AND COORDINATION AND MONITORING OF STRATEGIC PARTNERSHIPS

Considering its operational and territorial base, the Group is willing to adopt a unified approach to anti-money laundering, combating terrorist financing and managing embargoes, with guidelines, rules, processes, controls and IT instruments that are reasonably standard at Group level. To that end, the Group Companies are required to adopt these Guidelines, adapting them to their company environment and, for the Foreign Companies, to their specific local regulations, and to submit them for approval by their Supervisory Body.

The strategic decisions taken at Group level concerning management of the risks of money laundering, terrorist financing and breach of embargoes are entrusted to the Parent Company's Corporate Bodies. The Corporate Bodies of the Group Companies must be aware of the choices made by the Parent Company's Corporate Bodies and are responsible, each for their own area of competence, for implementation of the strategies and policies for managing the risk of money laundering, terrorist financing and breach of embargoes in accordance with their business reality. In this context, the Parent Company involves, through the Group Head of the Anti-Money Laundering Function, the Corporate Bodies of the Group Companies, regarding the choices made with regard to policies, processes and procedures for managing the risk of money laundering, terrorist financing and breach of embargoes.

Within the Intesa Sanpaolo Group, specific duties assigned to the Anti-Money Laundering Function are carried out based on two separate models, which take account of the Group's operating and local structure. This process involves in particular:

- for specifically identified Italian Banks and Companies whose operations are highly integrated with the Parent Company, the centralisation of risk monitoring activities relating to money laundering, terrorist financing and breach of embargoes with the Anti Financial Crime Head Office Department (centralised management model). The choice to centralise the activities is backed by assessment and documentation of the risks, costs and benefits associated with it, in a Group logic; this analysis is regularly updated;
- for the other Companies where there is a regulatory obligation, and for foreign Branches, the establishment of an Anti-Money Laundering Function and appointment of a local AML Officer, as well as a Head of reporting suspicious activity, who are given responsibility for these matters (the steering, coordination and control model).

The Companies that have not been asked to establish an Anti-Money Laundering Function, identify, where deemed appropriate in compliance with the principle of proportionality, a figure who has the task of supporting the local Functions in carrying out the activities of monitoring the risks of money laundering, terrorist financing and violation of embargoes, exercised for Italian Companies within the Organisation, Management and Control Model pursuant to Legislative Decree no. 231/2001. Such person may be assisted, for any specific matters, by the Anti Financial Crime Head Office Department.

In adopting the steering, coordination and control role of the Parent Company for Group Companies and Foreign Branches, the Anti Financial Crime Head Office Department works together with the Business units, implementing adequate information flows and maximising potential synergies. The Divisions in particular, work with the Anti Financial Crime Head Office Department in order to transpose and implement the guidelines and provisions issued by the Parent company into the single Companies and Foreign Branches, relating to anti-money laundering, combating terrorist financing and managing embargoes, also taking account of the specific corporate context and the local regulations that apply.

The Anti Financial Crime Head Office Department ensures, finally, adequate monitoring of compliance profiles within its competence in jointly controlled equity investments in supervised

entities related to strategic partnerships, to be exercised in the manner defined by the Chief Compliance Officer Governance Area, in agreement with the structures responsible for the investment and other relevant shareholders.

5.1 The centralised management model

In Banks and Italian Companies where the centralised management model applies, the risk control activities with respect to money laundering, terrorist financing and breach of embargoes are carried out by the Anti Financial Crime Head Office Department of the Parent Company with the support of the other units in the Chief Compliance Officer Governance Area.

The Head of the Anti Financial Crime Head Office Department also acts as AML Officer for main Companies that apply the centralised management model. For other Banks and Companies under centralized management, the Head of the Anti Financial Crime Head Office Department appoints his representative as AML Officer, who is responsible for management of the risk of money laundering, terrorist financing and breach of embargoes on an outsourced basis, on behalf of the Bank or Subsidiary. The AML Officer is appointed from among executives or middle managers comply with requirements for suitability established by the legislation into force, for the role to be performed for each Bank or Company that outsources the activity, taking into account the related specific risks. The appointment, as well as the dismissal, of the AML Officer is subject to the approval by the Corporate Supervisory Body of the Banks/Companies, after consulting with the Control Body³⁵.

With reference to potentially suspicious transactions, the operating entities of the Banks and Companies with centralised management promptly carry out first level reporting to the Group Delegate, that has authority to report suspicious transactions, as approved by the Corporate Supervisory Body, after consulting with the Control Body. Where the business model does not provide for operating entities within the Banks and Companies under centralized management for the purpose of transactional monitoring, cases with clear indications of suspicion are submitted directly by the facilities in charge of transactional monitoring to the Head of Suspicious Activity Reporting. Furthermore, the Company Control Bodies of Banks and Companies with centralised management notify the Group Delegate, pursuant to Article 46, paragraph 1, letter a) of Legislative Decree no. 231/2007, the potentially suspicious transactions identified during the exercise of its functions. The Group Delegate acquires, directly or through the Banks and Companies, information on the scope, including information in the data retention archive, to meet anti-money laundering obligations.

As regards the serious, or repeated or systematic or multiple breaches in Article 46, paragraph 1, letter b) and the breaches in Article 51, paragraph 1 of Legislative Decree no. 231/2007, the control entities of the Banks and Companies with centralised management identify and report in time them to the Anti Financial Crime Head Office Department that, through the Head of the Function and based on evidence from second level control activities carried out, informs the Corporate Control Bodies of Banks and Companies with centralised management in order to allow them to report to the Supervisory Authorities or Ministry of Economy and Finance; the above notification must also be made by Control Bodies when they identify offences while carrying out their own duties.

In Italian Banks and Companies to which the centralized management model is applied, the Chief Executive Officer, or in the absence of such a role the General Manager, holds the role of Member of the Management Body/Senior Manager Responsible for AML/CFT, in accordance with the relevant corporate governance model, pursuant to the Bank of Italy's Regulation of March 26, 2019 on organization, procedures and internal controls, as subsequently amended. The Member of the

³⁵ In particular, as required by the Bank of Italy "Dispositions on the assessment procedure for suitability of the representatives of banks, financial intermediaries, electronic money institutions, payment institutions and deposit guarantee schemes", the Corporate Supervisory evaluates, prior to the appointment, the possession of the requirements established by the supervisory regulations and, except in cases of urgency, transmits the related report to the competent Supervisory Authority.

Management Body/Senior Manager Responsible for AML/CFT also holds the role, pursuant to the same Provision, of Internal AML Referent, with the task of:

- monitor, through periodic controls, the supplier's compliance with contractual obligations and proper performance of the service;
- verify that the service provided by the supplier enables the effective fulfillment of anti-money laundering obligations;
- report regularly to corporate bodies on the performance of outsourced tasks so as to ensure that any necessary corrective measures are taken promptly.

Assigning the role of Member of the Management Body/Senior Manager Responsible for AML/CFT and Internal AML Referent to the Chief Executive Officer or General Manager is the responsibility of the Corporate Body with strategic oversight function of the Banks/Companies, after consultation with the Control Body.

The Italian Banks and Companies to which the centralized management model is applied formalize an outsourcing agreement with the Parent Company defining:

- of the respective rights and obligations; the expected service levels, expressed in objective and measurable terms, as well as the information needed to verify their compliance; any conflicts of interest and the appropriate precautions to prevent them or, if not possible, mitigate them; the duration of the agreement and the renewal terms as well as the mutual commitments associated with the termination of the relationship;
- of the minimum frequency of information flows to the internal manager and corporate bodies and control functions, without prejudice to the obligation to correspond promptly to any request for information and advice;
- of the obligations of confidentiality of information acquired in the performance of the function;
- of the possibility of revising the terms of service upon the occurrence of regulatory changes or in the recipient's operations and organization;
- of the possibility for the Banks and companies in question, the Supervisory Authorities and the FIU to access useful information and premises for monitoring, supervision and control activities.

5.2 The direction, coordination, and control model

The Group Companies and Foreign Branches that adopt the steering, coordination and control model set up their own Anti-Money Laundering Function and appoint, evaluating in advance the possession of the suitability requirements established by the supervisory regulations where applicable, the relative AML Officer, that usually holds the position of Head of Suspicious Activity Reporting: in Italian companies based on authority granted by the Corporate Supervisory Body, after consulting with the Control Body and in Companies and in Foreign Branches based on requirements of local legislation.

The AML Officer has an adequate hierarchical/functional position, i.e. reporting directly to the Corporate Management Body or Corporate Supervisory Body and reporting functionally to the Head of the Anti Financial Crime Head Office Department to implement the choices made by the Parent Company on policies, processes and procedures to manage risk concerning money laundering, terrorist financing and breach of embargoes. The appointment, withdrawal and incentives based on merit in terms of defining objectives, appraising results and determining bonuses of local AML Officers, shall receive a prior opinion from the Head of the Anti Financial Crime Head Office Department.

Besides carrying out the macro-processes established in these Guidelines, to monitor and control risks concerning money laundering, terrorist financing and violation of embargoes, the AML Officers of Group Companies and Foreign Branches that apply the steering, coordination and control model:

- inform the Anti Financial Crime Head Office Department, in full and as promptly as possible, about the outcomes of control activities carried out based on the control macro-objectives provided by the Head of the Anti Financial Crime Head Office Department, as well as any

significant event. In this regard, they also provide half-yearly reports on issues governed by the guidelines set forth by the Parent Company³⁶;

- propose and/or share remedial actions to adopt for shortcomings identified, defining the relative times and responsibilities for implementation. In this regard, on a monthly basis, the Anti Financial Crime Head Office Department is notified of the progress of activities;
- interact with the Supervisory Authorities in order to be updated on the regulatory framework and operate in compliance with applicable provisions relative to the business model adopted and/or Country of establishment, coordinating with the Anti Financial Crime Head Office Department, with a view to acting consistently with Guidelines and facilitating dialogue with the Authorities. The Anti Financial Crime Head Office Department assists the Group Companies and Foreign Branches in establishing relations with the Authorities, without prejudice to the responsibility of the individual Companies or Branches to implement the specific regulatory requirements of the business sector and/or country of residence;
- promptly inform the Anti Financial Crime Head Office Department if local laws do not allow the adoption of measures to combat money laundering, terrorist financing or to manage embargoes that are equivalent to those of the European Union, so that the Head of the Anti Financial Crime Head Office Department may inform the Bank of Italy, in line with the provisions of the Delegated Regulation (EU) 2019/758 and for the implementation of additional measures, according to a risk-based approach.

AML Officers are given the responsibility to authorize the execution of an occasional transaction or the opening and continuing business relationships with high risk customers and the assessment of customers who are found to be included in Sanctions Lists, during updates to the anagraphical records or opening of relationships.

The Head of Suspicious Activity Reporting of Group Companies and Foreign Branches for which the steering, coordination and control model is applied, transmits to the Group Delegate a copy of suspicious activity reports sent to the FIU or to the competent Foreign unit³⁷ and those filed, complete with motivation of said decision, without prejudice to local rules governing banking and/or professional secrecy, as well as any local provisions that prevent the transmission of these notices to the Group Delegate. The transmission of information is carried out using procedures designed to guarantee maximum confidentiality of the identity of the first level Manager making the report. In order to investigate anomalous transactions and accounts at a Group level, the Group Delegate may be assisted by all Company structures.

The Anti Financial Crime Head Office Department sets out the Group guidelines and oversees their correct adoption by Companies and Foreign Branches that apply the steering, coordination and control model, according to procedures in these Guidelines. For this purpose, with reference to profiles related to the management of risks of money laundering, terrorist financing and breach of embargoes, the Anti Financial Crime Head Office Department:

- defines the Group guidelines and methodological rules, identifying the geographical and/or business scope of application and supporting its local implementation; These guidelines and methodological rules include, among others, the general principles or in any case minimum standards of conduct to adopt regarding:
 - due diligence obligations (information set and methods to carry out customer due diligence, and reviewing customer risk profiles and criteria for customer acceptance and abstention obligations);
 - obligations for the retention and making available of data (procedures for retention and making available of data to Authorities, management of information and documents acquired from customers);

³⁶ For example, these issues may concern developments in the local regulatory context, the number and type of transactions reported, the number and type of high risk customers accepted, training programmes scheduled and delivered, breaches of provisions found, objections received from the competent authorities.

³⁷ Article 33, paragraph 2 of Directive (EU) 2015/849 requires the party obliged to report the suspicious transaction to send information to the Unit of the Member State where it is situated.

- processes and procedures to adopt for monitoring customer transactions;
- processes and procedures to monitor activities concerning embargoes, with particular reference to the definition of *Sanctions Lists* and control objectives;
- processes and procedures for monitoring the anti-terrorism area, with particular reference to the definition of the lists and control objectives;
- reporting obligations (procedures to assess potentially suspicious transactions in order to forward first level reporting, if applicable, and the timeliness of reporting, traceability of the assessment procedure and clear identification of responsibilities);
- limitations on the use of cash and bearer-negotiable instruments;
- training personnel (type of initiatives to deliver, minimum contents and users);
- the controls system (control macro-objectives, type of and procedures for controls);
- assists the local AML Officers in producing risk assessments and analysing outcomes, in order to promote a uniform approach to assessments and achieve a global vision of risks and oversight at Group level, and in producing the annual steering, coordination and control plan according to a risk-based logic;
- verifies, in agreement with the AML Officer, the possibility of extending the quantitative Key Risk Indicators relevant for monitoring the risks of money laundering, terrorist financing and violation of embargoes to Companies and Foreign Branches, supports the latter, if the set thresholds are exceeded, in the identification and analysis of the events attributable to the non-compliance with the regulations and the appropriate mitigation measures and activates, where necessary, the escalation mechanisms provided for by the Guidelines on the RAF;
- defines - as part of project activities to manage risks concerning money laundering, terrorist financing and breach of embargoes of the Group - operating processes and relative supporting tools, coordinating the implementation stage at a local level;
- provides technical support to the Companies and Foreign Branches – at the discretionary request of any of the assessment structures at local level – and the preventive evaluation process, in the context of the related Product Governance and clearing processes engaging the competent entities of the Parent Company;
- guides the Companies and Foreign Branches in the development of uniform control methods and models, and assesses the adequacy and effective implementation of compliance controls established at Group level, also through on-site inspections by monitoring any corrective actions that may be required;
- coordinates and monitors the training initiatives – checking their consistency and synergies with initiatives adopted at Parent Company level – and organising meeting days and/or events with local AML Officers;
- supports local AML Officers in responses to the Supervisory Authorities, helping to establish remediation plans and monitoring their implementation;
- supports local AML Officers, on request, in preparing information flows to Corporate Bodies.

To carry out its duties, the Anti Financial Crime Head Office Department has access to all activities of Group Companies and Foreign Branches in question, and to any significant information regarding risks of money laundering, terrorist financing and breach of embargoes, also through direct interviews with personnel.

The Group Companies and Foreign Branches that are subject to the steering, coordination, and control model, are required to:

- adopt, for Companies with approval from Corporate Bodies, guidelines and rules issued by the Parent Company on managing risks of money laundering, terrorist financing and breach of embargoes, aligning them, where necessary, in coordination with the Anti Financial Crime Head Office Department, to their own context and specific aspects of local regulations;
- adopt the operating working standards and methods defined by the Anti Financial Crime Head Office Department, agreeing on any adaptations to reflect the specific situation of the company; more specifically, in the case of foreign subsidiaries, all the initiatives aimed at guaranteeing standards of control and monitoring that are similar to those provided by Italian supervisory

provisions, also in the cases where the regulations of the Countries where the subsidiaries are located do not provide for similar levels of attention;

- give the Anti Financial Crime Head Office Department with reference to anti-money laundering, combating terrorist financing and embargoes, the information flows defined in Attachment B of the Group Compliance Guidelines, also guaranteeing prompt information in the case of events that may cause the risks related to this sector to emerge.

The Group Companies that in turn directly or indirectly hold controlling interests, are required to identify the most suitable organisational models for the subsidiaries under their control, in agreement with the structures under the Anti Financial Crime Head Office Department. They are also responsible for ensuring that the guidelines issued by the Parent Company are distributed among the subsidiaries and verifying their correct adoption and application³⁸. The information flows sent to the Parent Company must provide suitable information on the compliance situation at subsidiaries, with reference to risks concerning anti-money laundering, combating terrorist financing and managing embargoes.

In the Group Companies to which the direction, coordination and control model applies, the Managing Director/CEO/Deputy CEO or, in the absence of such a role, the General Manager/Managing Director holds the role of Member of the Management Body/Senior Manager Responsible for AML/CFT, consistent with the relevant corporate governance model, unless otherwise specified by local regulations.

5.3 Strategic partnerships monitoring model

In the event of an equity investment of joint control in a supervised entity, connected to a partnership of a strategic type, the Anti Financial Crime Head Office Department supports the Chief Compliance Officer Governance Area for an analysis, together with the structures responsible for the operation, aimed at defining the methods for activating a specific monitoring. The analysis is conducted by taking as reference elements such as the type of transaction, the operations of the investee company, the potential risks involved, the presence or absence of in-service activities, as well as any indications from the Supervisory Authorities. The monitoring exercise is graded according to the outcome of the analysis carried out and usually involves receiving and reviewing information flows and scheduling periodic meetings to align and monitor specific indicators.

The Anti Financial Crime Head Office Department also supports the Chief Compliance Officer Governance Area to assess, in consultation with the structures responsible for the investment and following an analysis of the specific compliance risks under its purview, the possible extension of monitoring to strategic partnerships made through investments with significant influence in supervised entities.

³⁸ The Group Companies, in implementing these Guidelines, describe the organizational model identified for the subsidiaries belonging to their perimeter.