

BANCA SISTEMA

**ORGANIZATION AND MANAGEMENT MODEL PURSUANT TO
LEGISLATIVE DECREE 231/2001**

GENERAL PART

Adopted by resolution of the Board of Directors on July 31, 2024

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CHAPTER 1: INTRODUCTION AND DEFINITIONS

1.1. Introduction

With Legislative Decree No. 231 of June 8, 2001 (hereinafter, “**D. Lgs. 231/2001**” or “**Decree**”), the principle of corporate liability for criminal offenses committed by certain individuals in the exercise of activities in favor of the legal entities¹ to which they belong was introduced into our legal system.

This is a hybrid liability, which lies halfway between criminal liability in the strict sense, still anchored to the natural person, and administrative liability regulated by Law No. 689/1981. The same Report to D. Lgs. 231/2001 speaks of the “birth of a tertium genus that combines the essential features of the criminal and administrative systems, since this liability, being consequent to a crime and linked (by express will of the enabling law) to the guarantees of the criminal process, diverges in several points from the paradigm of administrative offense” in force in our legal system. With the legislation in question, the possibility of imposing sanctions directly on the entity to which the perpetrator of the crime belongs was introduced for the first time.

Since the objective of D. Lgs. 231/2001 is to prevent the commission of crimes, the legislator has established a system aimed at limiting and/or excluding the liability of entities for unlawful acts committed by their employees, provided that the legal entity **demonstrates that it has adopted and effectively implemented organizational and management models suitable for preventing certain crimes**, which is the purpose of this document (hereinafter, “**Model**”).

In accordance with Article 6, paragraph 1, letter a) of the Decree, the Model represents a coherent set of principles, procedures, and provisions that:

- I. affect the internal functioning of the Bank and the ways in which it interacts with the outside world;
- II. regulate the diligent management of a control system for Sensitive Activities, aimed at preventing the commission of so-called Predicate Offenses.

Under its own responsibility, **Banca Sistema S.p.A.** (hereinafter, the “**Bank**” or “**Banca Sistema**”) implements the Model within its organizational scope in relation to its characteristics and the activities it concretely carries out in risk areas.

The adoption of the Model, in addition to representing a reason for exemption from the Bank’s liability with reference to the commission of certain types of crimes, is an act of social responsibility, from which benefits arise for a multitude of stakeholders: shareholders, directors, employees, creditors, suppliers, and all other parties whose interests are tied to the life of the Bank.

1.2. Definitions

To facilitate the reading of the Model, in addition to the further definitions provided from time to time in the text, the following terms indicated with a capital letter will have the meanings set forth below, both in the singular and plural:

¹ According to Article 1, second and third paragraphs of Legislative Decree 231/2001, the regulation applies ‘to entities with legal personality and to companies and associations even without legal personality,’ while it does not apply “to the State, territorial public entities, other non-economic public entities, as well as entities that perform functions of constitutional importance”.

Authorities	This includes, by way of example, the judicial authority, the Court of Auditors, the National Anti-Corruption Authority (ANAC), the Guardia di Finanza, the Revenue Agency, Institutions, Public Administrations, the Privacy Guarantor, the AGCM, and the Local Health Authority (ASL).
Clients	This refers to individuals or entities that have entered into a contract with Banca Sistema and to whom the Bank provides services and/or transfers goods.
Code of Ethics	It is the document that defines the guiding principles, laws, and regulations as well as internal rules, within a framework of ethical values of fairness, confidentiality, transparency, and compliance with applicable provisions (of external or internal origin). The Code of Ethics is an integral part of the Model.
Collaborators	This refers to individuals who have coordinated and continuous collaboration relationships with Banca Sistema, such as agency, representation, occasional work, etc. (mainly personnel without a subordinate employment relationship).
Consultants	This refers to individuals appointed to assist Banca Sistema in carrying out its activities on a continuous or occasional basis, by virtue of a mandate or other professional collaboration relationship.
Crime Risk Areas	This refers to the areas and business activities within which the opportunities, conditions, and means for the commission of Predicate Offenses could potentially and abstractly arise.
Departments (or also Areas)	This refers to the functional units into which the Bank's organizational structure is divided, as better described in the organizational chart.
Employees	This refers to individuals who have a subordinate employment relationship with Banca Sistema, of any nature, or a quasi-subordinate relationship. This definition also includes seconded workers, interns, and generally all those who undertake professional training internships.

Entity	This refers to the subjects subject to the provisions of the Decree, with the exclusions provided for by the Decree itself.
Guidelines	Indicate the Guidelines adopted by Confindustria for the preparation of organization, management, and control models pursuant to Article 6, third paragraph of Legislative Decree 231/2001, as currently in force.
Model	Indicate the present Organization, Management, and Control Model of the Bank with its attachments and subsequent amendments and additions, together with all procedures, instructions, circulars, and other documents referred to therein.
Partner	Indicate the Bank's contractual counterparts, including Suppliers, Collaborators, sales agents, distributors, subcontractors, sponsors, sponsored entities, and any other entity with which the Bank enters into any form of contractually regulated collaboration, where they are intended to cooperate with the Bank in the context of its Sensitive Activities.
Predicate Offenses	Indicate the types of offenses referred to by Legislative Decree 231/2001 or by other regulations that expressly refer to this Decree.
Procedures	Indicate the procedures adopted by the Bank to manage sensitive activities and prevent the commission of Predicate Offenses.
Public Administration or P.A.	Indicate the Public Administration and any other public entity.
Recipients	This refers to the individuals to whom the provisions of this Model apply, and in particular, the Board of Directors, Employees, Collaborators, Consultants, Suppliers, and Partners.
Sensitive Activities	Activities carried out by the Bank within which there is a risk, albeit abstract, of committing the crimes referred to in Legislative Decree No. 231 of June 8, 2001; this definition also includes so-called "instrumental" activities, as they are not directly at risk of crimes, but are instrumental and functional to the commission of these.
Subordinate Subjects	Indicate the Employees who act under the direction of the Top Management.
Supervisory Body or, also, SB	Indicate the Supervisory Body, endowed with autonomous powers of initiative and control,

established by the Bank pursuant to Article 6, paragraph 1, letter b) of the Decree

Suppliers

This refers to those who supply goods, provide services, or perform work in favor of the Bank. This definition also includes subcontractors and the Banks that Banca Sistema uses to carry out its activities.

Third Parties

Indicate all those entities that have collaboration relationships with the Bank without a subordinate relationship, consultancy relationships, agency relationships, commercial representation relationships, and other relationships that result in a professional service, not of a subordinate nature, whether continuous or occasional (including those acting for suppliers and partners, also in the form of temporary business associations, as well as joint ventures).

Top Management

Indicate the persons who hold functions of representation, administration, or management of the Bank or one of its organizational units with financial autonomy, as well as persons who, even *de facto*, exercise the management or direction of the Bank.

CHAPTER 2: THE ADMINISTRATIVE LIABILITY OF LEGAL PERSONS

2.1 Premise

Banca Sistema has an organizational, administrative, and accounting structure consistent with the good governance objectives set forth in Article 2086 of the Civil Code. This structure is functional not only for achieving the Bank's objectives but also for the timely detection of any emerging crisis factors, to protect all stakeholders who have economic-commercial relationships with the Bank.

In the belief that the commission of offenses or otherwise the violation of the rules governing the activity of **Banca Sistema** is in itself a crisis factor (even before the heavy sanctions that could result), the Organization and Management Model is considered an integral and essential part of its entire organizational structure.

The Document extended below is the result of:

- i. a thorough analysis of the risks of committing Predicate Offenses to which the Bank, during its activities, might be exposed;
- ii. a careful identification of Sensitive Activities, in order to verify in which areas/sectors of activity and in what ways the aforementioned types of offenses might theoretically occur;
- iii. the detection of the existing control system with reference to the "control principles" applied;
- iv. the provision of rules for the identification, composition, and functioning of the Supervisory Body and the reporting to and from this Body;
- v. the definition of the disciplinary system applicable in case of violation of the rules referred to in the Model;
- vi. the provision of the financial flow management system;
- vii. the definition of the essential features of the organizational system for fulfilling all obligations related to compliance with the standards set forth in Article 30 of Legislative Decree 81/2008 regarding health and safety in the workplace;
- viii. the specification of the methods for updating the Model itself.

What is provided by the Model is complemented by the provisions of the Code of Ethics, which sets the principles of conduct that guide all those who operate in and for Banca Sistema.

More specifically, the Model is structured as follows:

- A.** the General Part, which contains:
 - the regulatory framework of reference;
 - the governance model of Banca Sistema and the existing organizational tools supporting the Model;
 - the objectives pursued with the adoption of the Model;
 - the methodology adopted for the analysis of Sensitive Activities and their related controls;

- the identification and appointment of the Supervisory Body of Banca Sistema, with an indication of its powers, duties, and information flows;
- the disciplinary system and the related sanctioning apparatus;
- the information and training plan to be adopted to ensure knowledge of the measures and provisions of the Model;
- the criteria for updating and adapting the Model.

B. the **Special Part**, containing the analysis and identification of Sensitive Areas, the General Principles of Conduct, and the Specific Procedures.

Additionally, integral parts of the Model include the Code of Ethics and the Annex, which contains the detailed list of predicate offenses provided for by Legislative Decree 231/2001 in their current formulation

2.2 The scope of the ‘criminal’ liability of Entities: predicate offenses

As stated in Chapter 1, the Decree introduced into the Italian legal system the liability of Entities for Predicate Offenses committed by a subordinate or senior subject, in the interest or to the advantage of the same Entities.

This represents a new and broader form of liability, which adds to the exclusively personal liability of the individual who materially committed the criminally relevant offense.

The Decree stipulates that Entities can be held liable, and consequently sanctioned, exclusively in relation to the commission of specific Predicate Offenses explicitly indicated by the aforementioned legislation.

The liability provided for by the Decree also applies (in the cases and under the conditions provided for by articles 7, 8, 9, and 10 of the Penal Code) to Predicate Offenses committed abroad by the Entity, provided that the State where the offense was committed does not proceed against them.

The liability of the Entity also arises in the event that one of the Predicate Offenses is committed in the form of an attempt (art. 56 Penal Code and art. 26 Legislative Decree 231/2001).

2.2.1 The perpetrators of Predicate Offenses: senior subjects and subordinate subjects

The first fundamental criterion of attribution is the identification of the subjects who committed the offense.

With articles 6 and 7 of Legislative Decree 231/2001, the Legislator deemed that a mere objective traceability of the offense to the Entity’s activity was not sufficient, but that some form of specific reproach to the Entity itself was also necessary. Therefore, it is required that the offense was committed as an expression of the Entity’s corporate policy and, thus, is attributable to senior subjects, or that the offense resulted from an organizational fault, and thus is objectively attributable to subordinates.

In particular, the Entity is liable if the predicate offense was committed in its interest or to its advantage by one of the following subjects:

- a) persons who hold representation, administration, or management functions of the Entity or of one of its organizational units with financial and functional autonomy (so-called '**senior subjects**');
- b) persons subject to the direction or supervision of one of the subjects referred to in the previous letter a) (so-called '**subordinate subjects**').

The Decree regulates the burden of proof differently depending on whether the offense was committed by a senior subject or a subordinate subject.

If the offense was committed by a senior subject, the law presumes that the commission of the offense is an expression of the Entity's corporate policy and, therefore, presumes its liability, unless proven otherwise. **In this case, it is the Entity, not the prosecution, that bears the burden of proving the so-called exonerating facts of its liability.**

If, on the other hand, the Predicate Offense is committed by a subordinate subject, there is no reversal of the burden of proof, **so the demonstration of the failure to adopt or the ineffective implementation of the prescribed organizational models rests with the prosecution.**

The Decree contains at least two significant peculiarities to be specified here:

- 1) sanctions can also be applied in the case of mere 'participation' of the Senior or Subordinate Subject (pursuant to art. 110 or 113 of the Penal Code), that is, when they do not commit the act in its entirety but provide a conscious causal contribution to the commission of the offense;
- 2) sanctions can also be applied in the case where the material perpetrator of the offense is 'unidentified' or 'not imputable' or in the case of extinction of the Predicate Offense for reasons other than amnesty.

2.2.2 The interest or advantage for the Entity

The second fundamental criterion of attribution is that the Predicate Offense must have been committed by one of the aforementioned subjects **in the interest or to the advantage of the Entity**, without the need for the actual and concrete achievement of the objective.

The first condition relates to the purposes that the perpetrator of the offense intended, that is, the possible benefit for the Entity (**interest**); the second relates to the actual benefit obtained by the Entity (**advantage**)².

² *"In terms of administrative liability of entities, Article 5 of Legislative Decree No. 231 of June 8, 2001, which identifies its basis in the commission of crimes 'in its interest or to its advantage,' does not contain a hendiadys, because the aforementioned terms refer to legally different concepts and evoke concurrent but alternative criteria: the reference to the entity's interest emphasizes a subjective perspective of the criminal conduct carried out by the natural person to be appreciated ex ante, due to a prefigured undue enrichment, but not necessarily realized, as a consequence of the offense; the reference to advantage, on the other hand, emphasizes an objective fact that always requires an ex post verification regarding its actual achievement following the commission of the predicate offense, even in the absence of its ex ante consideration. This means that the two prerequisites are in real concurrence, so that, if both are present, the entity would be liable for a plurality of offenses (a situation governed by Article 21 of Legislative Decree No. 231 of 2001)" (see, Criminal Cassation, Section II, 27/09/2016, No. 52316).*

Interest and advantage constitute *distinct criteria, to be considered as concurrent but alternative to each other*.

- by interest, one should understand the purposive projection of the action, which must be evaluated *ex ante*;
- by advantage, one should understand the potential utility, even non-monetary, objectively ascertainable, which must be evaluated *ex post*

Since the two conditions are alternative, the actual achievement of an advantage for the Entity, even if the perpetrator of the offense did not specifically intend to achieve it, can still result in the attribution of liability³.

In negligent offenses, there is no 'awareness and intention' of the action, but rather a blameworthiness of the perpetrator based on flexible criteria such as negligence, imprudence, or incompetence (*general negligence*) or a violation of laws, regulations, orders, or disciplines (*specific negligence*). In such cases, therefore, it is difficult to conceive that the action or omission of the perpetrator is carried out with an interest for the Entity or with the prospect of obtaining an advantage for it

In relation to Predicate Offenses punishable by negligence, therefore, the interest or advantage should be interpreted from the financial perspective of the Entity and not in a 'finalistic' dimension: criteria such as the saving of economic resources resulting from the lack of provision of safety equipment or the economic increase resulting from the rise in productivity not hindered by strict compliance with preventive regulations will thus be considered⁴.

The Entity is not, however, responsible if the offense was committed solely in the interest of the perpetrator or a third party. Therefore, if the perpetrator of the Predicate Offense had purposes other than the profit of the Entity, the connection between the Predicate Offense and the Entity itself, and thus the 'blameworthiness' of the latter, ceases. However, if the perpetrator acted even partially in the interest of the Entity, the latter remains abstractly responsible.

2.2.3 Predicate Offenses

Not every crime gives rise to the liability in question, but only the commission of those specifically indicated in Legislative Decree 231/2001, defined as Predicate Offenses: these are strictly provided for by the Decree, as integrated and modified over time, and are grouped as follows:

- crimes against the Public Administration (art. 25) and against its assets (art. 24);
- computer crimes and unlawful data processing (art. 24-bis);
- organized crime (art. 24-ter);

³ In terms of administrative liability of entities, the existence or otherwise of the condition, provided for by Article 5 of Legislative Decree No. 231 of 2001, that the offense was committed in the interest or to the advantage of the entity must be verified, when it comes to one of the culpable offenses with an event indicated in Article 25-septies of the same Legislative Decree, with reference not to the event (by definition not intended) but to the conduct carried out by the agent, so that the condition in question can be said to be fulfilled when such conduct has allowed the entity to achieve savings, albeit modest, in management costs or, at least, has been purposefully oriented towards achieving such a result (see, Criminal Cassation, Section IV, 20/04/2016, No. 24697).

⁴ See Criminal Cassation, Section IV, 23/06/2015, No. 31003.

- crimes against currency falsification (art. 25-bis);
- crimes against industry and commerce (art. 25-bis.1);
- corporate crimes (art. 25-ter);
- terrorism or subversion of the democratic order (art. 25-quater);
- crimes committed in the practice of female genital mutilation (art. 25-quater.1);
- crimes against individual personality (art. 25-quinquies);
- market abuse crimes (art. 25-sexies);
- transnational crimes (law no. 146/2006);
- health and safety at work crimes (art. 25-septies);
- crimes of receiving, laundering, and using money, goods, or benefits of illicit origin (art. 25-octies);
- crimes related to payment instruments other than cash (art. 25-octies.1);
- copyright infringement crimes (art. 25-novies);
- crimes of inducing not to make statements or to make false statements to the judicial authority (art. 25-decies);
- environmental crimes (art. 25-undecies);
- crime of employing third-country nationals whose stay is irregular (art. 25-duodecies);
- crimes of racism and xenophobia (art. 25-terdecies);
- crimes of fraud in sports competitions through the use of invoices or other documents for non-existent operations (art. 25-quaterdecies);
- tax crimes (art. 25-quinquiesdecies);
- smuggling crimes (art. 25-sexiesdecies);
- crimes against cultural heritage (art. 25-septiesdecies);
- crimes of laundering cultural assets and devastation and looting of cultural and landscape assets (art. 25-octiesdecies).

The list of Predicate Offenses is contained in the **Annex** to this Model, which forms an integral part of it.

2.3 The sanctions provided for by the Decree

Various types of sanctions can be imposed on the Entity:

- a) monetary sanctions, according to the Scandinavian “quota” system;
- b) disqualification sanctions, as per art. 9, paragraph 2;
- c) confiscation, including equivalent confiscation of the price or profit of the crime;
- d) publication of the conviction sentence;
- e) administration of the Entity itself

Monetary sanctions are imposed by the criminal judge taking into account the seriousness of the offense and the degree of responsibility of the Entity, as well as the activities carried out to eliminate or mitigate the consequences of the act and to prevent the commission of further offenses.

They are **established through a system based on “quotas”**, in a number not less than 100 (one hundred) and not more than 1,000 (one thousand). The amount of the monetary

sanction for each quota ranges from a minimum of €258.22 to a maximum of €1,549.37. The amount of each quota, in turn, is determined based on the economic and financial conditions of the entity to ensure the effectiveness of the sanction.

The calculation of the criminal sanction consists of a so-called “biphasic” judgment; the quota is determined by the judge first in number, within the statutory limits, taking into account “objective” aspects (seriousness of the offense, degree of responsibility, reparative/preventive actions); the amount of each quota, instead, within other limits in the minimum and maximum, considering the “subjective” characteristics (economic and financial conditions of the entity). Thus, for example, in the case of a minor offense committed by an entity with significant economic capacity, the assessment should lead to a relatively small number of quotas, but each of a relatively high amount.

In the presence of particularly serious offenses, in addition to monetary sanctions, **disqualification sanctions** may also be applied, as strictly listed in art. 9, paragraph 2 of the Decree, which may include:

- prohibition from carrying out the activity (letter a);
- suspension or revocation of authorizations, licenses, or concessions functional to the commission of the offense (letter b);
- prohibition from contracting with the public administration, except to obtain public service provisions (letter c);
- exclusion from benefits, financing, contributions, or subsidies and the possible revocation of those already granted (letter d);
- prohibition from advertising goods or services (letter e).

When a disqualification sanction is applied to the Entity, the publication of the conviction sentence in one or more newspapers, as well as by posting in the Municipality where the Entity has its main office, may be ordered.

With the conviction sentence, the confiscation of the price or profit of the crime is always ordered against the Entity, except for the part that can be returned to the injured party.

In the case of an attempted crime, sanctions are not applied if the Entity voluntarily prevents the completion of the action or the occurrence of the event.

2.4 Crimes committed abroad

According to art. 4 of the Decree, the Entity can be held liable in Italy for offenses committed abroad in relation to crimes contemplated by the same Decree. This provision aims, as stated in the Explanatory Report to Legislative Decree June 8, 2001, no. 231, to “prevent easy evasion of the entire regulatory framework in question,” that is, the possibility of using foreign structures owned by the entity to commit Predicate Offenses. The conditions on which the Entity’s liability for crimes committed abroad is based are indicated in arts. 7 – 10 of the Penal Code.

2.5 Attempted crimes

In cases of commission, in the forms of attempt, of the crimes indicated in Chapter I of the Decree, monetary sanctions (in terms of amount) and disqualification sanctions (in terms of time) are reduced by one third to one half, while the imposition of sanctions is excluded in cases where the Entity voluntarily prevents the completion of the action or the occurrence of the event (art. 26 Legislative Decree no. 231/2001). This is a particular case of the so-called active withdrawal, provided for by art. 56 paragraph 4, Penal Code.

2.6 The exclusion of administrative liability: the so-called exemption

As mentioned above (see 2.2.1), if the crime is committed by individuals who hold representative, administrative, or managerial functions of the Entity or one of its Organizational Units with financial and functional autonomy, as well as by individuals who, even de facto, manage and control it, the Entity is not liable if it proves:

- that it had adopted and effectively implemented, before the commission of the act, an Organization, Management, and Control Model suitable for preventing crimes of the type that occurred;
- that it had established a Supervisory Body, endowed with autonomous powers of initiative and control, tasked with overseeing the functioning and observance of the Model as well as ensuring its updating;
- that the individuals who committed the crime fraudulently circumvented the adopted Organization and Management Model;
- that there was no omitted or insufficient supervision by the Supervisory Body.

In particular, to avoid liability, the Entity must demonstrate the absence of organizational fault, meaning that the crime was committed despite the adoption of all suitable measures to prevent crimes and reduce the risk of their commission by the Entity itself.

To be effective as an exemption, the Model must meet the following requirements:

- identify the activities and processes within which the crimes provided for by the Decree may be committed;
- provide specific protocols aimed at planning the formation and implementation of the Entity's decisions in relation to the crimes to be prevented;
- identify methods for managing financial resources suitable for preventing the commission of such crimes;
- provide information obligations towards the Supervisory Body;
- introduce a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the Model.

According to art. 7 of the Decree, if the crime is committed by persons subject to the direction or supervision of one of the top management, the Entity is liable if the

commission of the crime was made possible by the failure to comply with the obligations of direction or supervision. This non-compliance is in any case excluded if the Entity, before the commission of the crime, had adopted and effectively implemented a Model suitable for preventing crimes of the type that occurred. In this case, the Model must provide, in relation to the nature and size of the organization, as well as the type of activity carried out, measures suitable for ensuring the conduct of the activity in compliance with the law and for promptly detecting and eliminating risk situations. In particular, the effective implementation of the Model requires:

- a periodic review and possible modification of the same when significant violations of the prescriptions are detected or when changes occur in the organization or activity;
- a disciplinary system suitable for sanctioning non-compliance with the measures indicated in the Model.

The Decree provides that the Models can be adopted, to ensure the above-mentioned requirements, also based on the codes of conduct drawn up by representative trade associations (e.g., Confindustria Guidelines).

2.7 Regulatory framework of reference

The regulatory references that the Bank adhered to in the preparation of the Document are listed below:

- Legislative Decree 231/2001 and subsequent amendments and additions, “Regulation of the administrative liability of legal persons, companies, and associations, including those without legal personality, pursuant to article 11 of law 29 September 2000, No. 300”;
- Ministerial report accompanying Legislative Decree No. 231/2001;
- Legislative Decree 58/1998 and subsequent amendments, “Consolidated Law on Finance”;
- Legislative Decree 152/2006 and subsequent amendments, “Environmental Regulations”;
- Legislative Decree 81/2008 and subsequent amendments, “Implementation of article 1 of law 3 August 2007, No. 123, on the protection of health and safety in the workplace”;
- Law No. 146/2006 and subsequent amendments “Ratification and implementation of the United Nations Convention and Protocols against Transnational Organized Crime, adopted by the General Assembly on 15 November 2000 and 31 May 2001”;
- “Guidelines of the Italian Banking Association for the adoption of organizational models on the administrative liability of banks” and subsequent updates.

CHAPTER 3: ORGANIZATIONAL STRUCTURE AND SCOPE OF APPLICATION

3.1 Institutional structure and governance system

Banca Sistema S.p.A. is a banking institution, established in 2011, and listed on the Euronext STAR Milan market of Borsa Italiana since 2015, with its registered office in Milan, at Largo Augusto 1/A corner of Via Verziere 13.

The Bank is the parent company of the homonymous banking group and, in the exercise of its management and coordination activities, issues directives to the group components for the execution of instructions given by the Bank of Italy in the interest of the group's stability.

The company's core business involves banking activities, namely the collection of savings and the provision of credit in its various forms in Italy and abroad, and therefore it can carry out any banking and financial operation and service that is instrumental or connected.

The Bank offers factoring services with the purchase, management, and recovery of commercial credits both towards the Public Administration and private entities, personal loans against the assignment of one-fifth of salary and pension through direct origination activities and the purchase of credit portfolios.

3.1.1 The Governance Model

Banca Sistema, as a bank listed on the regulated Italian market, qualifies as a bank of larger size or operational complexity for the purposes of the Corporate Governance Provisions of the Bank of Italy, as per Bank of Italy Circular no. 285/2013.

The Bank's Governance model and, in general, its entire organizational system, is therefore structured to ensure and guarantee maximum operational efficiency and effectiveness in pursuing its objectives. Banca Sistema has adopted a traditional governance model based on the interaction of two bodies appointed by the shareholders' meeting:

- the Board of Directors;
- the Board of Statutory Auditors.

The corporate governance system adopted by the Bank complies with the regulations applicable to listed banks and banking regulations and is inspired by the principles and criteria of the Corporate Governance Code for listed banks promoted by Borsa Italiana.

The corporate governance structure, in line with the chosen traditional administration and control model and in accordance with the statute, therefore includes the following corporate bodies:

- **Shareholders' Meeting**, as the body representing the universality of shareholders.
- **Board of Directors**, as the body with the function of strategic supervision.

- **Chairman of the Board of Directors**, as the body responsible for ensuring the proper functioning of the Board, promoting internal board dialogue, effective balance of powers, and informed decision-making even by non-executive Directors, in accordance with the tasks related to the organization of the Board's work and the circulation of information assigned by Article 2381, paragraph 1 of the Civil Code.
- **Board of Statutory Auditors**, as the body responsible for the control function, tasked with overseeing the functionality of the overall internal control system, ensuring the effectiveness of all structures and functions involved in the control system, and ensuring their proper coordination.
- **Chief Executive Officer and General Manager**, who manages the Bank's activities within the limits of the powers conferred upon them and in accordance with the general management guidelines determined by the Board of Directors, which, together with the General Manager, is responsible for the management function based on the delegations assigned by the Board of Directors. They can delegate decision-making powers regarding credit disbursement and ordinary management to managers, office heads, executive staff, department heads, and other Bank employees.
- **Audit Firm**, responsible for the statutory audit of the accounts.

To ensure an efficient system that guarantees the Board of Directors an effective evaluation on specific topics within its competence, the following internal board committees have been established:

- Ethics Committee;
- Internal Control, Risk Management, and Sustainability Committee;
- Nominations Committee;
- Remuneration Committee.

Finally, to adhere to the aforementioned principles and to avoid the commission of offenses relevant to Legislative Decree No. 231/2001, Banca Sistema has adopted, in addition to the Model, the following Corporate Governance tools:

- An appropriate and articulated system of powers of attorney and operational delegations;
- Compliance Program (see section 3.3 below);
- Appropriate measures regarding health and safety.

3.2 The organizational structure and the system of powers of attorney and delegations

The organizational structure of Banca Sistema meets the requirements of:

- formalization and clarity;
- internal communication and separation of roles, particularly for the assignment of responsibilities, representation, definition of hierarchical lines, and operational activities.

To this end, the Bank adopts a **system of powers of attorney and delegations**⁵ that helps ensure, on the one hand, the knowability, transparency, and publicity of the powers granted (within the Bank and towards third parties) and, on the other hand, a clear and formal delimitation of roles, powers, and related responsibilities.

Given the general significance of the system, it is considered appropriate to address it in this context, while noting that, for the reasons mentioned above, it is to be understood as the first and fundamental safeguard for each category of offenses indicated in the Special Part.

The system of delegations and powers of attorney efficiently adopted constitutes, in fact:

- a management tool for the execution of acts of external or internal relevance necessary for the pursuit of the Bank's objectives, consistent with the responsibilities assigned to each individual;
- a factor in preventing the abuse of assigned functional powers, by defining economic or procedural limits for each act or series of acts;
- an element of traceability, even retrospectively, of acts – of internal or external relevance – to the individuals who adopted them.

The system is therefore useful both in preventing the commission of predicate offenses and in subsequently identifying those who, directly or indirectly, may have engaged in conduct contrary to the Decree.

The Supervisory Body periodically verifies the system of delegations in force, as well as the consistency of the system itself with the system of organizational communications, recommending any changes if necessary.

The fundamental requirements of the system of delegations and powers of attorney are as follows:

1. All individuals who, on behalf of the Bank, engage in relationships with third parties (public and/or private) are formally delegated to do so and, where necessary, also granted power of attorney;
2. The powers conferred must be consistent with and appropriate to the organizational structure and the tasks resulting from the organizational chart, internal procedures, and organizational communications;
3. The assignment and revocation of these powers occur in accordance with the roles held within the Bank, as a result of organizational changes;
4. Each delegation and power of attorney specifically and unequivocally defines:
 - a. The powers of the attorney/delegate, specifying their limits, as well as the possible power to grant power of attorney/delegation to another subordinate subject belonging to the same function;
 - b. The delegator (body or individual) to whom the delegate reports;

⁵ Solely for the purpose of clarity, it is specified that 'delegation' is, for the present purposes, any internal act of assigning functions and tasks, which is represented within the organizational communication system. 'Power of attorney,' on the other hand, refers to the unilateral legal act by which the company grants powers of representation towards third parties.

In the case of joint delegation/power of attorney, the other delegates/attorneys with whom the conferred power must be exercised.

1. The managerial powers assigned with the delegations and their implementation are consistent with corporate and individual objectives;
2. The delegate is granted spending powers appropriate to the conferred functions.

To apply what has been represented in the specific case, the management of Banca Sistema S.p.A. is entrusted to the Board of Directors, composed of a Chairman of the Board, a Chief Executive Officer, and seven Directors without delegations.

The representation of the Bank and certain powers conferred by the Board of Directors are reserved for the Chairman and the Chief Executive Officer. The Board is vested with the broadest powers for the ordinary and extraordinary management of the Bank, with the authority to perform all acts it deems appropriate for the achievement and implementation of the corporate purpose, as listed in the Bank's Articles of Association.

By way of example

- The determination of general guidelines related to business development, strategic operations, and the Bank's industrial and financial plans, as well as the evaluation of the general management performance;
- The approval of the organizational and corporate governance structure, ensuring a clear distinction of tasks and functions as well as the prevention of conflicts of interest;
- The approval of accounting and reporting systems;
- The supervision of the public information and communication process;
- The adoption of measures aimed at ensuring an effective dialectical confrontation with the management function and the heads of the main corporate functions, as well as the ongoing control of the choices and decisions made by them;
- Risk management policies, as well as, after consulting the Board of Statutory Auditors, the evaluation of the functionality, efficiency, and effectiveness of the internal control system and the adequacy of the organizational, administrative, and accounting structure;
- The acquisition and disposal of strategic shareholdings;
- The approval of the annual budget;
- The execution of instructions from the Bank of Italy.

The delegated bodies, such as the Chief Executive Officer and/or the Executive Committee, report at least quarterly to the Board of Directors and the Board of Statutory Auditors on the general management performance and its foreseeable evolution, as well as on the most significant economic, financial, and asset-related operations carried out by the Bank and its subsidiaries.

The **legal** representation of the Bank, in dealings with third parties and in court, and the corporate signature are the responsibility of the Chairman and the Chief Executive Officer. In the event of the absence or impediment of the Chairman and the Chief Executive Officer, the representation of the Bank falls to the oldest director by age

The Board of Directors and the Chief Executive Officer may, within the limits of the delegated powers, delegate powers of representation for individual acts or categories of acts, with the corresponding authority to sign on behalf of the Bank, including to employees.

3.3 Compliance program

Banca Sistema has its own Compliance program consisting of the following documents:

- Code of Ethics;
- Regulation of internal whistleblowing systems;
- Corporate processes and procedures.

The **Code of Ethics**, which is an integral part of this Organizational Model, sets out general principles of conduct with the aim of maintaining the Bank's reputation for honesty and integrity in the performance of management and administrative activities

As a result, adherence to the guidelines of the Code of Ethics is mandatory for every employee, who is responsible, during the performance of their duties, for adhering to the values defined therein. Any behavior that does not comply with the principles established by the Code of Ethics must be reported to the Supervisory Body.

In the context of **whistleblowing**, the term "whistleblower" refers to an employee or collaborator of an Administration or a company who reports illegal conduct of which they have become aware due to their employment relationship.⁶

Banca Sistema has adopted specific regulations aimed at the protection and safeguarding of the "whistleblower" and other individuals identified by the relevant legislation, through the identification of concrete measures to protect the whistleblower, who – in making their "**whistleblowing**" report – can rely on effective and efficient protection that prevents exposure to discriminatory measures.

As for **corporate processes and procedures**, these represent the company's "way of operating" within business processes.

⁶ Originally, the reporting practices for unlawful behaviors were regulated solely with reference to the activities of public entities, pursuant to Legislative Decree No. 165 of March 30, 2001. Subsequently, the ability to use a similar tool was extended to the subjects identified by Article 5 of Legislative Decree No. 231/2001 (which governs the administrative liability of entities for offenses), namely:

- 'persons who hold functions of representation, administration, or management of the entity or one of its organizational units with financial and functional autonomy, as well as persons who exercise, even de facto, the management and control of the same';
- and 'persons subject to the direction or supervision of one of the subjects' mentioned in the preceding point.

This extension was made with Law No. 179 of November 30, 2017, containing 'provisions for the protection of the authors of reports of crimes or irregularities of which they have become aware in the context of a public or private employment relationship.'

The regulatory framework on the subject was further enriched by Directive (EU) 2019/1937 of the European Parliament and the Council of the European Union, which aims to strengthen the protection of whistleblowers in specific areas of interest for supranational law.

The legislation was finally implemented by the Italian legal system with Legislative Decree No. 24 of March 10, 2023, containing 'implementation of Directive (EU) 2019/1937 of the European Parliament and of the Council, of October 23, 2019, regarding the protection of persons who report breaches of Union law and containing provisions regarding the protection of persons who report breaches of national regulatory provisions' (so-called Whistleblowing Decree).

There are specific documents to define, for example, the procurement process.

These procedures, therefore, represent an essential asset for business operations and are the primary element of protection against the possible commission of predicate offenses under the Decree: even when not explicitly referenced, their compliance is always part of every worker's duties and is an integral part of the Special Part itself.

3.4 Prevention and management of health and safety in the workplace

Banca Sistema, in accordance with its corporate policy for health and safety at work, has adopted a specific **Risk Assessment Document (DVR)** pursuant to Articles 17, 28, and 29 of Legislative Decree No. 81/2008 for each of the Bank's locations. In particular, the DVR has identified the specific risks related to the activities carried out at the company. The Bank has identified the employer in the Chief Executive Officer, who has been granted a specific power of attorney, and has appointed an external Head of the Prevention and Protection Service (RSPP). Within the corporate organization, a Workers' Safety Representative (RLS) and a Competent Doctor have been designated.

Through the activities of:

- Context assessment;
- Definition of an adequate health and safety policy;
- Risk assessment;
- Planning and organization of activities;
- Programming of interventions;
- Raising awareness on health and safety issues;
- Monitoring;
- Review and improvement;

Appropriate to the activities carried out by the Bank, as well as to the nature and size of the risks present, a specific organizational structure has been defined that highlights the tasks and responsibilities assigned in terms of safety.

The aim is to promote and disseminate a culture of safety and health protection within the Bank, increasing awareness of risk perception, as well as ensuring continuous monitoring of activities, premises, and the people who collaborate with it.

The maintenance and continuous updating of the DVR are carried out periodically through the intervention of the RSPP and the employer to:

- verify the compliance of the adopted safety system with the reference standard;
- ensure that activities with significant impact on the safety and health of workers are conducted according to established methods;
- ensure that the prepared safety system is adequate to the needs, also in relation to specific workplaces, and operates in accordance with the Bank's objectives and programs;
- verify the implementation and effectiveness of corrective and preventive actions undertaken;

- verify the application and compliance with safety and health regulations for workers;
- identify areas for potential improvement.

The purpose of monitoring by the RSPP and the employer is to evaluate the functioning of the system, verifying the achievement of the objectives for the examined period and identifying the elements necessary to define the improvement objectives for the following year. This is carried out annually or in the event of organizational and production changes that are relevant to health and safety at work. The Bank has also implemented the assessment of interference risks for third-party companies operating within the company's premises: this activity is summarized in specific assessment documents (DUVRI) drawn up in concert with the interested parties.

Additionally, the Bank invests in the training and education of its staff, offering all employees on-the-job internal training.

The employer is committed to respecting and ensuring compliance with this Model, also ensuring its dissemination and awareness among all workers, and must cooperate actively and proactively, with maximum transparency and diligence, with the Supervisory Body appointed to continuously implement and update the aforementioned Model.

3.5. Legal representation of the Company

In general, the Legal Representative of the Company has the power to appoint a trusted defender for the Company in the event that it is investigated/charged under Legislative Decree 231/2001 for a predicate offense committed by a senior executive or subordinate individuals.

However, Article 39 of Legislative Decree 231/2001 provides that "the entity participates in the criminal proceedings with its legal representative, unless the latter is charged with the offense from which the administrative offense derives." The rule, therefore, provides for an absolute and general prohibition of representation in the event that the Legal Representative of the Company has committed the predicate offense from which the entity's liability subsequently derives.

Therefore, **Banca Sistema** has established precautionary rules to properly manage the conflict of interest of its legal representative under investigation for the predicate offense. In this case, the Company's Board of Directors grants a special power of attorney to a person other than the Legal Representative to represent the Company in court, at any level and before any judicial authority, including administrative, with the express authority to appoint lawyers and technical consultants to defend the entity.

CHAPTER 4: THE ORGANIZATION, MANAGEMENT, AND CONTROL MODEL

4.1 Introduction

The Model under examination is aimed at avoiding and preventing the commission of Predicate Offenses referred to in the Decree by the Recipients. The Decree, in fact, contemplates a form of exemption from liability that keeps the Entity free from any sanctioning profile and consists in the adoption and effective implementation of a Model suitable for preventing the Predicate Offenses contemplated in the Decree.

4.2 Reason for the adoption of the Model

In the context of its activities, Banca Sistema, with the aim of ensuring – to protect its position and image – conditions of fairness and transparency in its operations, has decided to implement the Model.

The Model refers to a structured and organic system of rules, operational and IT procedures, as well as controls suitable for preventing the commission of the types of offenses referred to in the Decree.

Within the aforementioned structured system of rules, particular importance is given to those regulating activities at risk of crime, with specific reference to:

- definition of delegations, powers, and use of the corporate signature;
- transparency, traceability, verifiability, and documentability of operations;
- segregation of functions;
- implementation of controls at various levels.

Moreover, through the identification of sensitive activities and their regulation, the Model aims to achieve the following objectives, also preventively:

- determine, in all those who operate and act in the name and on behalf of the Bank, the awareness of committing, in case of violations of the Model, criminal offenses, with sanctioning consequences pursuant to the Decree;
- condemn any form of illegal behavior contrary not only to criminal laws but also to the ethical principles to which the Bank intends to adhere;
- allow the Bank to maintain constant control and careful supervision over sensitive processes so as to be able to intervene promptly where risk profiles emerge;
- conduct monitoring in areas where sensitive activities are carried out, intervening promptly to prevent or counter the offenses referred to in the Decree.

In addition, the effectiveness of the Model requires:

- an awareness and dissemination activity at all levels, ensuring a thorough understanding of the Bank's behavioral rules;
- the provision of a disciplinary system suitable for sanctioning non-compliance with the Model;

- a constantly updated map of sensitive activities and areas where the offenses referred to in the Decree may occur;
- the identification of responsible individuals with their respective powers;
- the verification and documentation of sensitive operations;
- compliance with the principle of segregation of duties;
- the definition of authorization powers consistent with the assigned responsibilities;
- a Supervisory Body equipped with concrete and effective powers to oversee the functioning and compliance with the Model, as well as information flows to and from the Supervisory Body.

4.3 Regulatory framework of reference

The regulatory references that the Bank has adhered to in the preparation of the Document are listed below:

- Legislative Decree 231/2001 and subsequent amendments and additions, "Regulation of the administrative liability of legal persons, companies, and associations, including those without legal personality, pursuant to Article 11 of Law No. 300 of September 29, 2000".
- Ministerial report accompanying Legislative Decree No. 231/2001.
- Legislative Decree 58/1998 and subsequent amendments, "Consolidated Law on Finance".
- Legislative Decree 152/2006 and subsequent amendments, "Environmental Regulations".
- Legislative Decree 81/2008 and subsequent amendments, "Implementation of Article 1 of Law No. 123 of August 3, 2007, on the protection of health and safety in the workplace".
- Law 146/2006 and subsequent amendments, "Ratification and implementation of the United Nations Convention and Protocols against Transnational Organized Crime, adopted by the General Assembly on November 15, 2000, and May 31, 2001".
- ABI Guidelines and subsequent updates, "Guidelines of the Italian Banking Association for the adoption of organizational models on the administrative liability of banks".

4.4 Implementation methods and structure of the Model

The Model, as provided for by the Decree and recommended by the Confindustria Guidelines, has been prepared by the Bank according to the methodological phases represented below:

➤ Phase 1 – Organizational Analysis and Identification of Sensitive Processes

The processes and activities within which the Predicate Offenses could be committed have been identified, along with the internal functions that have an in-depth knowledge of these processes/activities and the current control mechanisms in place. To this end, a document analysis (statute, organizational chart, management mandates, etc.) was carried out to preliminarily identify sensitive processes and activities

➤ Phase 2 – As Is Analysis

For each sensitive process/activity, the analysis was carried out on:

- main phases;
- functions and roles/responsibilities of the Top Management;
- existing control elements;

in order to verify in which areas/sectors of activity and in what ways the types of offenses referred to in the Decree could theoretically occur. Interviews were conducted with the main Top Management functions of the Bank to better identify the mapping of sensitive processes/activities and the detection of the existing control system with reference to the “control principles”.

➤ Phase 3 – Gap analysis

The control areas and the necessary improvement actions have been identified to ensure that the Model is suitable for preventing the offenses referred to in the Decree. The Bank conducted a gap analysis between the current model (as is) and the target model (to be), with particular reference, in terms of compatibility, to the system of delegations and powers, the system of internal procedures, and the characteristics of the body entrusted with overseeing the functioning and compliance with the Model.

➤ Phase 4 – Drafting of the Organization and Management Model

Based on the results of the previous phases and the comparison with the reference guidelines, as well as according to the strategic choices of the Bank’s decision-making bodies and the synergistic alignment with the existing internal control system, this Model has been drafted.

4.5 Adoption of the Model

The Model has been adopted in its current version by resolution of the Board of Directors in order to protect the company itself from any liabilities under Legislative Decree 231/2001.

The Board of Directors has also appointed the Supervisory Body, in a collegial composition, providing it with autonomous powers of initiative and control, and tasked with overseeing the suitability and correct implementation of the Model.

4.6 Criteria for implementation, updating, or adjustment of the Model

The initial implementations, updating, or adjustment of the Model are structured in the preparation of an **Innovation Adoption Program**, prepared whenever it is necessary

to proceed with updating and adjusting the Model (see Article 6, paragraph 1, letter b) of the Decree), identifying the necessary activities to achieve the effective adoption of the Model's contents and defining responsibilities, timelines, and execution methods.

It is necessary to proceed with the aforementioned interventions in the following cases:

- the introduction of legislative changes in the Decree applicable to the Bank (in this case, the interventions are defined as "initial implementations");
- the need to periodically review the Model to ensure the continuity of its effectiveness, also in relation to the evolution of the Bank (in this case, the interventions are defined as "updates");
- significant cases of violation of the Model and/or results of checks on its effectiveness that show substantial deficiencies, or when there are important changes within the organizational structure or the sectors in which the Bank operates (in these cases, the interventions are defined as "adjustments");

These processes are tasked with ensuring the effectiveness of the Model in the face of regulatory or Bank changes and remedying any deficiencies in the Model itself.

The responsibility for arranging and implementing the initial implementations, updating, or adjustment of the Model is assigned to the Board of Directors.

More specifically:

- The Supervisory Body proposes to the Board of Directors the opportunity to proceed with initial implementation, updating, or adjustment of the Model, based on the information it has become aware of.
- The Board of Directors evaluates the proposed modification of the Model received from the Supervisory Body and proceeds with its approval.

However, where the updating interventions do not require significant changes to the Model (e.g., inclusion of new predicate offenses in the Annex), they may be made directly by the Supervisory Body, in agreement with the Legal function and with the obligation to inform the Board of Directors.

4.7 The recipients of the Model

Banca Sistema ensures the proper dissemination of the contents and principles of the Model both within and outside its organization. The principles contained in the Model must indeed be respected by all those who operate in the interest, to the advantage, or in any case on behalf of the Bank.

And therefore:

- by the members of the Board of Directors, the Supervisory Body, and all the staff of Banca Sistema, particularly those who perform sensitive activities within their duties;

- by those who, by virtue of contractual relationships, collaborate in any capacity with the Bank (e.g., self-employed or quasi-subordinate workers, consultants, suppliers, business partners).

The Bank indeed intends to:

- determine, in all those who operate in its name and on its behalf in sensitive activities, the awareness that, in case of violation of the provisions contained therein, they may incur an offense subject to sanctions;
- inform all those who operate in any capacity in its name, on its behalf, or in its interest, that the violation of the provisions contained in the Model will result in the application of specific sanctions or the termination of the contractual or collaboration relationship;
- reiterate that the Bank does not tolerate illegal behavior of any kind and regardless of any purpose, as such behavior (even if the Bank were apparently in a position to benefit from it) is still contrary to the ethical principles it intends to adhere to.

4.8 Dissemination of the Model and training

To ensure the effectiveness of the Model, Banca Sistema guarantees proper knowledge and dissemination of its content by all those who may be employed by the Bank, with varying degrees of detail depending on the different roles within the organizational chart and the different involvement of resources in sensitive activities.

The Model, in its General Part, is published on the Bank's institutional website (www.bancasistema.it), with sensitive or protected data omitted. In addition to the above, the adopted Model and its updates are made available to all employees in a dedicated section of the company's Intranet, which is part of the internal regulations.

Regarding training activities, managed by the Human and Organizational Capital Directorate in close cooperation with the Supervisory Body, all employees and members of the Corporate Bodies will be provided with all information related to the Model through specific periodic training activities.

The Supervisory Body, in agreement with the Human and Organizational Capital Division, ensures that the training program is adequate and effectively implemented. Training initiatives can also be conducted remotely or through the use of IT systems.

The **training** - also conducted in a face-to-face mode - aims to spread knowledge of the regulations referred to in the Decree, subsequent amendments and additions, the reasons that led the Bank to adopt the Model, and to illustrate the behavioral principles to be followed in order to prevent the commission of predicate offenses.

The training is diversified, in content and delivery method, depending on the qualification of the recipients, the level of staff involvement in "sensitive activities," the risk level of the area in which they operate, and whether or not they represent the Bank. Specific courses can be organized for the most involved personnel.

The participation of Employees and members of the Corporate Bodies in training activities is considered mandatory.

The training is based on the **principles of completeness, clarity, accessibility, and continuity**, in order to enable the recipients to fully understand the operational provisions they are required to comply with and the ethical standards that should guide their behavior.

Each recipient of the Model is indeed required to:

- acquire awareness of its contents;
- know the operational methods by which their activities must be carried out;
- actively contribute, in relation to their role and responsibilities, to the effective implementation of the Model, reporting any deficiencies found in it.

To ensure effective and rational training activities, the Bank periodically organizes training courses for its employees and volunteer collaborators, as well as for management, in order to disseminate the principles contained in the Model and the Code of Ethics.

The training provided in this context adheres to the following principles:

- traceability of participants;
- traceability of the documentation used for training;
- verification of the effectiveness of the training through a test

4.9 Monitoring and updating procedures

The Supervisory Body – in addition to overseeing the adoption and effective implementation of the Organizational Model – is responsible for monitoring the actual functioning and correct application of the control procedures adopted by the Bank.

In particular, the Supervisory Body assesses the impact that changes in the existing organizational structure, regulatory and jurisprudential developments, or the occurrence of illegal acts may have on the sensitive activities overseen and the control protocols, prompting – if necessary – their adjustment, as well as the adjustment of the Special Part of this Model.

4.10 The control system provided by the Model

The Bank intends to implement, on a preventive basis, a control system for individual sensitive activities based on:

- general control principles related to sensitive activities;
- specific protocols, applied to individual sensitive activities, which are implemented through:
 - **Regulation:** existence of internal provisions suitable for providing principles of behavior, operational methods for carrying out sensitive activities, and methods for archiving relevant documentation.

- **Traceability:** every operation related to sensitive activities must be, where possible, adequately documented; the process of decision-making, authorization, and execution of sensitive activities must be verifiable ex post through appropriate documentary supports, and in any case, the cases and methods of possible deletion or destruction of the records made must be detailed.
- **Segregation of Duties:** separation of activities between those who authorize, those who control, and those who execute. This segregation is ensured by the involvement of multiple subjects within the same relevant macro-process, to guarantee the independence and objectivity of the processes. The segregation of functions is also implemented through the use of IT systems that enable certain operations only to well-identified and authorized persons.
- **Powers of Attorney and Delegations:** the authorization and signing powers assigned must be consistent with the assigned organizational and managerial responsibilities – providing, where required, indications of expense approval thresholds – and must be clearly known and defined within the Bank. The management and operational functions indicated in the organizational chart, to which the power to commit the Bank to certain expenses is assigned, must be defined, specifying the limits and nature of these expenses.
- **Monitoring Activities:** aimed at the periodic/timely updating of delegations and the control system in coherence with the decision-making system, as well as with the entire organizational structure. This concerns the existence of process controls carried out by decision-making bodies or external controllers.

4.11 Whistleblowing

Pursuant to Article 4 of Legislative Decree No. 24/2023, entities subject to whistleblowing regulations must activate *“their own reporting channels, which ensure, also through the use of encryption tools, the confidentiality of the identity of the reporting person, the person involved, and any person mentioned in the report, as well as the content of the report and the related documentation.”*

Banca Sistema has implemented a system of channels designed to ensure the confidentiality of reports of illegal conduct and violations provided for by the following provisions:

- Legislative Decree No. 385/1996 (TUB) and Legislative Decree No. 58/1998 (TUF);
- Legislative Decree No. 231/2001;
- Legislative Decree of May 25, 2017, No. 90 (implementation of the IV Anti-Money Laundering Directive);
- Legislative Decree of August 3, 2017, No. 129 (implementation of MiFID II);
- administrative, accounting, civil, or criminal offenses;
- transport safety;
- environmental protection;

- public health;
- consumer protection;
- protection of privacy and personal data, and security of networks and information systems.

Employees, collaborators, shareholders, and members of corporate bodies are informed about the existence and use of these channels through a specific internal regulation, available in a dedicated section of the Bank's institutional website, as well as in training programs.

Furthermore, to ensure the effective protection of the whistleblower and the functioning of the internal reporting mechanism, the same regulation stipulates that the management of the channels must be "entrusted to a person or an autonomous internal office dedicated and specifically trained for the management of the reporting channel, or entrusted to an external entity, also autonomous and with personnel specifically trained."

In this regard, the Bank has appointed the head of the Bank's Internal Audit function as responsible for the internal reporting systems of violations.

As for the reporting methods, the regulation provides that "reports are made in writing, including electronically, or orally. Internal oral reports are made through telephone lines or voice messaging systems or, at the request of the reporting person, through a direct meeting scheduled within a reasonable time."

In compliance with the regulations mentioned, information regarding internal reporting channels and their use is governed by specific regulations.

Under Article 17 of Legislative Decree 24/2023, individuals who take the initiative to report cannot be subjected to any retaliation.

Article 2, paragraph 1, letter m) of Legislative Decree 24/2023 defines retaliation as "any behavior, act, or omission, even if only attempted or threatened, carried out because of the report, the complaint to the judicial or accounting authority, or the public disclosure, and which causes or may cause the reporting person or the person who made the complaint, directly or indirectly, an unjust harm."⁷.

⁷ By express legal provision, the following behaviors are liable to constitute retaliatory conduct if connected to the whistleblower's initiative:

- dismissal, suspension, or equivalent measures;
- demotion or lack of promotion;
- change of duties, change of workplace, reduction of salary, change of working hours;
- suspension of training or any restriction of access to it;
- negative performance reviews or negative references;
- disciplinary measures or other sanctions, including monetary penalties;
- coercion, intimidation, harassment, or ostracism;
- discrimination or otherwise unfavorable treatment;
- failure to convert a fixed-term employment contract into a permanent one, where the worker had a legitimate expectation of such conversion;
- non-renewal or early termination of a fixed-term employment contract;
- damage, including to the person's reputation, particularly on social media, or economic or financial harm, including the loss of economic opportunities and loss of income;
- the inclusion in improper lists based on a formal or informal sectoral or industrial agreement, which may result in the person being unable to find employment in the sector or industry in the future;
- the early termination or cancellation of the contract for the supply of goods or services;
- the cancellation of a license or permit;
- the request for submission to psychiatric or medical examinations.

In particular, it is provided that “in the context of judicial or administrative proceedings or in any case of out-of-court disputes concerning the verification of prohibited behaviors, acts, or omissions” as retaliatory, “it is presumed that they were carried out because of the report, public disclosure, or complaint to the judicial or accounting authority. The burden of proving that such conduct or acts are motivated by reasons unrelated to the report, public disclosure, or complaint lies with the person who carried them out.”

Also, regarding compensation for damages, the regulation provides a presumption in favor of protected persons in case of reporting, stating that “in the event of a compensation claim submitted to the judicial authority” and provided that they demonstrate “that they have made a report, public disclosure, or complaint to the judicial or accounting authority under this decree and have suffered damage, it is presumed, unless proven otherwise, that the damage is a consequence of such report, public disclosure, or complaint to the judicial or accounting authority.”

Regarding the disciplinary system, in case of violation of the provisions on whistleblowing, the disciplinary sanctions system referred to in paragraph 4.11 of this General Part is considered applicable.

Pursuant to Article 21 of Legislative Decree 24/2023, “without prejudice to other liability profiles,” ANAC may apply the following administrative pecuniary sanctions to the responsible party:

- from 10,000 to 50,000 euros “when it is ascertained that retaliations have been committed or when it is ascertained that the report has been obstructed or that an attempt has been made to obstruct it or that the obligation of confidentiality” of the protected subjects has been violated;
- from 10,000 to 50,000 euros “when it is ascertained that reporting channels have not been established, that procedures for making and managing reports have not been adopted or that the adoption of such procedures is not compliant” with the regulations, “as well as when it is ascertained that the activity of verification and analysis of the reports received has not been carried out.”

4.12 Structure of the disciplinary system

4.12.1 Function

The Model and the Code of Ethics must be respected by all recipients.

The Decree requires the Bank to establish a disciplinary system suitable for sanctioning:

- the non-compliance with the Model and the Code of Ethics;
- the violation of protective measures for those who report illegal conduct;
- reports made with intent or gross negligence that prove to be unfounded.

The Bank has included in this Model a disciplinary system aimed at sanctioning the violation – through active and omissive conduct – of both the precepts and corporate

procedures functional to the regulation of sensitive activities, as well as the precepts contained in the Code of Ethics.

As previously stated, the disciplinary sanctions outlined in the following paragraphs also apply – according to the forms and methods related to the corresponding functions – to those who violate the measures put in place to protect the confidentiality of the whistleblower's identity in the management of the report, pursuant to Article 6, paragraph 2-bis of Legislative Decree 231/2001, as well as to those who make reports with intent or gross negligence that prove to be unfounded.

The task of investigating the facts and proposing the initiation of disciplinary action for non-compliance with the Model lies with the Supervisory Body: in all cases where it receives a report or acquires, during its activities, elements suitable for identifying a violation of the Model, the Supervisory Body carries out verification and control activities and conducts appropriate investigations to then report to the administrative body.

In the event of an actual violation of the Model, the Supervisory Body reports the violation to the Board of Directors through a written report containing:

- a description of the observed conduct;
- an indication of the provisions of the Model that have been violated;
- the details of the person responsible for the violation;
- any documents proving the violation and/or other supporting elements;
- its own proposal for a sanction regarding the specific case.

4.12.2 Measures against employees

The violation of the precepts and procedures contained in the Model and the Code of Ethics by employees constitutes a breach of the obligations arising from the employment relationship and entails the application of disciplinary sanctions, including the termination of the employment relationship if the established violation is such as to compromise the underlying trust relationship.

The behaviors exhibited by employees – of any rank – in violation of the individual behavioral rules contained or referenced in this Model are defined as “**disciplinary offenses**,” the commission of which entails the application of disciplinary sanctions, without prejudice to compensation for the greater damage caused by the violation.

An employee commits an offense if, even though omissive conduct and possibly in collaboration with other individuals:

- Violates the procedures contained or referenced in this Model. For these purposes, a violation is understood as behavior involving:
 - i) non-application of procedures (whether voluntary or not)
 - ii) non-compliance with duties or service obligations related to the procedures;
 - iii) conscious tolerance of others' violations; from which no harm has resulted to the Bank.

- In sensitive activities, violates the provisions of this Model. For these purposes, a violation is understood as any form of irregularity, negligence, carelessness, non-compliance with laws, regulations, or service obligations that results in harm to the safety and regularity of the service, causing severe damage to the Bank's or third parties' assets, or that may lead to the actual application of sanctions against the Bank as provided by the Decree. Conscious tolerance of others' behaviors of the above-mentioned type also constitutes a violation.
- Engages in behavior aimed at committing a Predicate Offense.
- Obstructs the activities of the Supervisory Body or, having the availability, does not provide the information or documentation requested by it, either within predefined information flows (see 5.4) or based on unilateral, non-predetermined requests.

These sanctions are imposed, by type and application procedure, according to the law and the current National Collective Labor Agreement (CCNL): the disciplinary system in any case respects the limits imposed by Law No. 300/1970 (the so-called Workers' Statute) as applicable and, regarding disciplinary dismissal, the provisions of Law No. 604/1966.

In particular, the disciplinary system adheres to the following principles:

- publicity and awareness by workers through posting in a place accessible to all;
- guarantee of the right of defense to the worker against whom the charge has been made (Art. 7 Law No. 300/1970): the charge must therefore be timely;
- proportionality of the sanction to the severity of the infraction (Art. 2106 Civil Code). In any case, the sanction must be chosen based on the intentionality of the action or omission or the degree of negligence, imprudence, or incompetence, the past behavior of the employee, the existence or absence of previous disciplinary measures, the position and duties performed by the responsible party, and any other relevant circumstances.

The disciplinary sanctions are:

- a) verbal reprimand, for minor violations of the Model or the Code of Ethics;
- b) written reprimand, for violations of the Model or the Code of Ethics more serious than those warranting a verbal reprimand and less serious than those indicated in the following points;
- c) fine, calculated based on the hourly wage up to a maximum of 3 hours of the worker's normal wage, in case of negligent conduct regarding the provisions of the Model or the Code of Ethics;
- d) suspension from service and pay, for a period not exceeding 3 days, applicable in the case of more significant violations of the Model or the Code of Ethics;
- e) dismissal, in case of serious violation of the Model or the Code of Ethics, with acts that objectively expose the Bank to danger. It must be conduct that does not allow, even temporarily, the continuation of the relationship.

With the charge, the revocation of any delegations/proxies entrusted to the person concerned may also be ordered, even as a precautionary measure.

The application of the disciplinary system is autonomous and independent of the criminal relevance of the conduct carried out by the individual subjects. Consequently, the application of disciplinary sanctions is independent of the outcome of any criminal proceedings, as the rules of conduct and internal procedures are binding on the recipients, regardless of the actual commission of a crime as a consequence of the behavior committed

The determination of the disciplinary offense is therefore mandatory (except for suspension pending the outcome of any criminal proceedings) and is carried out according to the following procedure:

1. The CEO promptly contests – through the company functions designated for this purpose – the observed violation to the employee concerned, by means of a written communication containing i) the precise indication of the contested conduct and the provisions of the Model that have been violated; ii) the notice of the right to submit any written explanations and/or justifications within five days of receiving the communication, as well as to request the intervention of the representative of the trade union association to which the employee belongs or has given a mandate.
2. Following any explanations and/or justifications from the employee concerned, the CEO, if he does not consider them acceptable, decides on the determination and application of the sanction, imposed through the company functions designated for this purpose.
3. Once the disciplinary process is concluded, the CEO informs the Supervisory Body of his decisions and any sanction imposed on the employee concerned.

4.12.3 Measures against the Board of Statutory Auditors

In the case of violations committed by the Auditor, the Board of Directors may apply the most appropriate measures in accordance with the relevant regulations (particularly at the contractual level, up to the revocation of the appointment). The applicable sanction and any claim for damages will be commensurate with the severity of the violation, the level of responsibility, and the intensity of the fiduciary relationship related to the appointment.

The procedure for determining the disciplinary offense and applying the sanction mirrors that provided for employees (see 4.11.2). In the event of a violation of the Model by members of the Board of Statutory Auditors, the Supervisory Body must inform the Chairman of the Board of Directors by means of a written report, so that the matter can be addressed by the presiding body.

Any appropriate measure permitted by law may be applied to members of the Board of Directors or the Board of Statutory Auditors who have committed a violation of the Model.

If one of the involved Auditors is the Chairman of the Board of Statutory Auditors, reference is made to the legal provisions regarding the urgent convening of the Shareholders' Meeting.

4.12.4 Measures against the Board of Directors

In the event that the violation is attributed to one or more members of the Board of Directors, the procedure for determining the disciplinary offense and applying the sanction already described for employees (see 4.11.2) is applied. The administrative body imposes the sanction (particularly at the contractual level, up to the revocation of the appointment) with the abstention of the accused member or members. In the event of a violation of the Model by members of the Board of Directors, the Supervisory Body must inform the Chairman of the Board of Directors by means of a written report, so that the matter can be addressed by the presiding body. Any appropriate measure permitted by law may be applied to members of the Board of Directors who have committed a violation of the Model. If one of the involved Directors is the Chairman of the Board of Directors, reference is made to the legal provisions regarding the urgent convening of the Shareholders' Meeting.

4.12.5 Measures against collaborators, consultants, and other third parties

Any violation committed by collaborators, consultants, or other third parties connected to the Bank through a non-employment contractual relationship may result, according to the specific contractual clauses included in the professional assignment contracts, or even in their absence, in the sanction deemed most appropriate.

In more serious cases, the sanction may consist of the termination of the contractual relationship, without prejudice to any claim for damages suffered by the Bank, even independently of the termination of the contractual relationship.

The procedure for determining the disciplinary offense and applying the sanction mirrors that provided for employees (see 4.11.2).

4.13 Information to the Supervisory Body

The outcome of disciplinary proceedings and any disciplinary sanctions taken against employees, managers, members of the Board of Directors, auditors, collaborators, consultants, and other third parties connected to the Bank through a non-employment contractual relationship are always communicated by the Board of Directors to the Supervisory Body.

CHAPTER 5: THE SUPERVISORY BODY

5.1 Composition and regulation

Banca Sistema entrusts the Supervisory Body, in a collegial composition, with the task of monitoring the functioning and compliance with the Model, as well as ensuring its updating. The Board of Directors appoints the members of the Supervisory Body, who remain in office for three years but can be revoked at any time for just cause by the Board of Directors. The Supervisory Body has the authority to be assisted, in its control functions, by external parties who professionally carry out verification activities. In the event of resignation, subsequent incapacity, death, revocation, or disqualification of a member of the Supervisory Body, the Board of Directors will provide for their replacement at the first useful meeting. In any case, the outgoing member remains in office until the Board of Directors appoints the new member. The Chairman coordinates the work of the Supervisory Body and ensures that adequate information on the matters on the agenda is provided to all members.

The Supervisory Body is composed of the following subjects:

- a) The Chairman of the Board of Statutory Auditors or a third party with consolidated experience in 231 matters appointed by the Board of Directors; this person also assumes the presidency of the Supervisory Body by right.
- b) A director appointed by the Board of Directors.
- c) The head of the Internal Audit Department, to ensure proper coordination of verification activities, avoiding duplications and leveraging possible synergies of internal controls.

The Supervisory Body is endowed with autonomous powers of initiative and control, free from any form of interference and/or influence by any component of the Bank, and meets the requirements of autonomy, independence, professionalism, and continuity of action. Furthermore, the Supervisory Body must possess the requirements of integrity, absence of conflicts of interest, and lack of familial relationships with corporate functions and the top management of the Bank. In any case, the initiation of criminal proceedings against a member of the Supervisory Body, especially for one of the offenses that may entail the Bank's liability under the Decree, constitutes grounds for ineligibility and revocation from office. The Supervisory Body carries out its activities based on the principles of autonomy and independence and adopts specific Regulations that govern in particular:

- the monitoring and control activities;
- reporting to the Board of Directors on the activities and actions undertaken;
- documentation of the activities carried out.

5.2 The tasks of the Supervisory Body

The tasks that the Supervisory Body is called upon to perform are:

- periodic verification and monitoring of the effectiveness, efficiency, and adequacy of the Model;

- presentation to the Board of Directors of proposals for updating the Model, as a result of significant violations of the Model's provisions, significant changes in the Bank's internal structure or business operations, or regulatory changes;
- direct revision of the Model, in the case of limited scope updates (see above, 4.5), for example, in the case of corporate adjustments or procedural updates/inclusions that do not require a new resolution by the Board of Directors;
- collection and documentation of any irregularities or violations of the Model or the Code of Ethics that may emerge from the analysis of information flows or received reports;
- verification and assessment of the information and reports received;
- communication to the Board of Directors, for appropriate measures, of the verified violations of the Model or the Code of Ethics, proposing the application of sanctions and disciplinary proceedings, in compliance with current laws and the applicable National Collective Labor Agreement (CCNL);
- verification of the effective dissemination and knowledge of the Model and the training and awareness of newly hired personnel, as well as all recipients, on compliance with the relevant provisions.

5.3 The powers of the Supervisory Body

To carry out the tasks listed above, the Supervisory Body has the power to:

- interact, without hierarchical subordination constraints that could limit its operational scope and/or affect its autonomy of judgment, with any corporate function;
- acquire information and documents from any function or corporate area, at any level. In particular, the Supervisory Body must have free access to documentation and any other corporate information it deems appropriate;
- ascertain facts and behaviors constituting violations of the Model or the Code of Ethics or, more generally, any action not in line with the principles set forth therein;
- implement specific periodic control interventions, both scheduled and unscheduled, including surprise checks on sensitive corporate activities;
- make use, if necessary, of the consultancy and assistance of individuals not belonging to the corporate structure, with full discretion in choosing its consultants.

The Supervisory Body must also be guaranteed the necessary financial resources to carry out its verification activities. The Board of Directors approves an adequate allocation of financial resources in the context of the corporate budget formation.

5.4 Information flows to the Supervisory Body

All employees, regardless of their position, are required to provide the information and documents requested by the Supervisory Body, both within predefined information flows (on a fixed or periodic basis) and non-predefined requests, thus within checks or controls arranged autonomously and unilaterally.

The violation of the information obligations towards the Supervisory Body is considered a disciplinary offense and, therefore, is sanctioned as outlined in chapter 4.11 of this Model.

The flow of information to the Supervisory Body, which includes reports concerning violations of the Model or the Code of Ethics or unlawful behavior in general, must be made in writing.

The Bank, in order to facilitate information flows and reports to the Supervisory Body, activates appropriate dedicated communication channels (e.g., a specific email address). The information to the Supervisory Body is stored by the same in a specific electronic and/or paper archive.

a) Information flows to be carried out upon the occurrence of particular events

- 1) In general, the principle is that the Supervisory Body must be informed through specific written reports regarding events that could determine the Bank's liability under the Decree;
- 2) the obligation to inform the Supervisory Body is conceived as an additional tool to facilitate the supervisory and verification activities of the body itself.

The obligation to inform the Supervisory Body concerns:

- ✓ any fact or news related to events that could, even potentially, determine the Bank's liability under the Decree;
- ✓ the initiation of judicial proceedings against one or more members of the Board of Directors, as well as employees, who are accused of the offenses referred to in the Decree;
- ✓ violations of this Model or the Code of Ethics and behaviors that may raise the suspicion of an unlawful act or conduct not in line with the principles, procedures, and rules set forth in the Model;
- ✓ anomalies and atypicalities with respect to the principles outlined in the Model;
- ✓ decisions to proceed with operations involving changes in the corporate structure.

These findings must be communicated to the Supervisory Body immediately.

The obligation to inform the Supervisory Body concerns any recipient of the Model who is aware of the aforementioned news or facts. The following information must be obligatorily and immediately transmitted to the Supervisory Body, through the individual Function:

- ✓ measures and/or information from judicial police bodies, or any other authority, subject to the confidentiality obligations imposed by law, from which it can be inferred that investigations are being carried out, even against unknown persons, for offenses to which the Decree is applicable, if such investigations involve the Bank or its Employees or Corporate Bodies;

- ✓ Information regarding disciplinary proceedings initiated or closed in relation to violations of the Model, specifying the type of sanction applied or the reasons for the closure.

Each recipient assigned a specific role in a phase of a sensitive process must promptly report to the Supervisory Body any of their behaviors that significantly differ from those described in the process and the reasons that made such deviation necessary or appropriate.

It is absolutely excluded that all the aforementioned subjects can replace the police forces by taking on investigative activities. The Bank must ensure the utmost confidentiality regarding the identity of those who make a report, subject to legal obligations and the protection of the rights of the Bank and the persons erroneously reported or solely for the purpose of causing harm to them.

Good faith reporters are guaranteed against any form of retaliation or penalty, as already clarified in Chapter 4.11 dedicated to whistleblower protections. The report must be sent directly to the Supervisory Body in written form, which will consider it even if made anonymously, provided it is supported by adequate factual elements.

The Supervisory Body carefully evaluates the reports received and takes the measures deemed appropriate, possibly listening to the author of the report, the person responsible for the alleged violation, and other people aware of the facts and acquiring the documents considered relevant.

Every decision of the Supervisory Body must be motivated.

b) Periodic information flows

Periodic information flows must be transmitted to the Supervisory Body by all subjects involved with control functions in sensitive processes, also by virtue of the mandate to manage, in addition to all cases provided for in the Special Part of the Model or by specific procedures. The Supervisory Body may, at its discretion, acquire such information flows also through interviews with Area and/or function Managers, conducted during its periodic meetings

In particular, at least annually, the Supervisory Body will request the periodic results of the control activities carried out by the subjects identified for this purpose in this Model in order to:

- ✓ attest the level of implementation of the Model;
- ✓ indicate compliance with control and behavior principles;
- ✓ highlight any critical issues in the managed processes, any deviations from the guidelines set by the Model or, more generally, by the regulatory framework;
- ✓ indicate changes that have occurred in processes and procedures.

5.5 Information flows from the Supervisory Body to the corporate top management

Two reporting lines can be identified from the Supervisory Body to the Board of Directors and the Board of Statutory Auditors.

a) On a periodic basis

In particular, the Supervisory Body communicates:

- at the beginning of each fiscal year: the plan of activities to be carried out during the year;
- on a semi-annual basis: an information report on the verification activity and its outcome

b) On an immediate basis

In particular, the Supervisory Body communicates:

- any significant issues arising from the activities carried out;
- any behaviors or actions not in line with company procedures;
- the need to update the Model.

Communications to the corporate top management must be in written form and kept by the Supervisory Body in a specific electronic and/or paper archive. Additionally, the Supervisory Body may be requested by the Board of Directors to provide communications or present reports regarding the activities carried out.

5.6 Contacts of the Supervisory Body

The Supervisory Body can be contacted at the following addresses.

By regular mail:

Supervisory Body
c/o Banca Sistema S.p.A.
Largo Augusto 1/A, ang. via Verziere 13
20122 Milano

By email:

You can write to the address: odv@bancasistema.it