

# Group Policy on Transactions with Related Parties, Associates and Company Officers pursuant to Article 136, Italian Consolidated Banking Law

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#### Version history

Version	Date of approval	Brief description of changes	Companies affected by the changes
1	24th June 2021	First issue	n.a.
2	February 2022	Update containing non-substantial changes	All companies falling within the scope of application
3	July 2023	Update (list of Executives with strategic responsibilities and Reporting) - non-substantial changes	All companies falling within the scope of application
4	December 2023	<ul style="list-style-type: none"> <li>• Addition of clarifications regarding the duties of Corporate Affairs when identifying and recording related parties, associated persons and company representatives</li> <li>• Deletion of operational passages to be moved to the Operational Note 'Operating instructions on the management of transactions with entities belonging to the Single Perimeter and/or key entities pursuant to Article 2391'</li> </ul>	All companies falling within the scope of application
5	February 2024	<ul style="list-style-type: none"> <li>• Update containing non-substantial changes</li> </ul>	All companies falling within the scope of application

## 1. Policy Objectives and Management

### 1.1 Objectives

Banca Ifis S.p.A. ('**Banca Ifis**' or '**Bank**' or '**Parent Company**') carries out its activities in compliance with applicable laws and regulations and is inspired by the fundamental principles of fairness and consistency in order to achieve the best economic result in accordance with the company's ethical principles, also in compliance with the provisions of Italian Legislative Decree no. 231/2001, as amended and supplemented from time to time.

This document (the '**Policy**') outlines the approach that the Bank, also acting as Parent Company, adopts in order to ensure effective control over any risks of conflicts of interest in transactions with related parties and associated persons.

The Policy aims to safeguard against the risk that the proximity of certain parties to the decision-making structures of the Group Companies (as defined below) might impair the objectivity and impartiality of decisions relating to transactions with such parties, with possible extraction of private benefits, distortions in the resource allocation process, the Bank's exposure to risks that are not adequately measured or safeguarded against, and potential damage to depositors and shareholders, ensuring the transparency and substantive and procedural correctness of such transactions, carried out directly or through Subsidiaries (as defined below).

In this regard, the Policy contains the provisions to be complied with in the management of:

- related-party transactions pursuant to CONSOB [Italian securities market regulator] Resolution no. 17221/2010 as amended ('**CONSOB Regulation**');;
- related-party transactions pursuant to Bank of Italy Circular no. 285/2013 as amended ('**Bank of Italy Provisions**');;
- obligations binding upon a bank's company officers pursuant to Article 136, Italian Legislative Decree no. 385 of 1st September 1993 as amended ('Italian Consolidated Banking Law (**TUB**)); and
- obligations binding upon a financial company's officers pursuant to Bank of Italy Circular 288 of 3rd April 2015 as amended.

In particular, the Policy defines:

- the criteria for identifying the parties whose transactions may fall within the scope of the Policy itself;
- the procedures for investigating, proposing, and deciding on transactions;
- the subsequent obligations to report to Corporate Bodies;
- disclosure and transparency obligations; and
- exemptions from the application of the Policy.

The Policy also contains references in terms of financial sheet information on related-party transactions pursuant to Bank of Italy Circular no. 262/2005 on 'Bank Financial Statements as amended – Templates and Rules for Completion' and accounting standard IAS 24.

### 1.2 Scope of Application

This Policy applies to Banca Ifis and to its subsidiaries (the '**Subsidiaries**' and, jointly with Banca Ifis, the '**Group**') which, as of the date of this Policy are as follows:

SCOPE OF APPLICATION	
<input checked="" type="checkbox"/> Banca Ifis S.p.A.	<input checked="" type="checkbox"/> Cap.Ital.Fin. S.p.A.
<input checked="" type="checkbox"/> Banca Credifarma S.p.A.	<input checked="" type="checkbox"/> Ifis NPL Investing S.p.A.
<input checked="" type="checkbox"/> Ifis NPL Servicing S.p.A.	<input checked="" type="checkbox"/> Ifis Finance IFN SA
<input checked="" type="checkbox"/> Ifis Finance Sp. Z.oo	<input checked="" type="checkbox"/> Ifis Rental Services S.r.l.
<input checked="" type="checkbox"/> Ifis NPL 2021-1 SPV S.r.l.	<input checked="" type="checkbox"/> Revalea S.p.A.
Sections 2.2.4, 2.3.4, 2.4.4, and any other reference to Transactions pursuant to Article 136, Italian Consolidated Banking Law (TUB) apply only to the Group's Italian banks, which at the date of this Policy are Banca Ifis S.p.A. and Banca Credifarma S.p.A.	

Sections 2.4.1.1, 2.4.2.1, 2.4.5. and 2.4.7.1 apply only to Banca Ifis S.p.A.

Sections 2.4.6.1, 2.4.6.3 and 2.4.7.2 apply only to non-banking Subsidiaries.

Sections 2.4.6.2, 2.4.6.4 and 2.4.7.3 apply only to banking Subsidiaries (at the date of this Policy only Banca Credifarma S.p.A.)

Section 2.5.1 applies with reference to Banca Ifis S.p.A. and the other Subsidiaries that are part of the Banking Group (therefore, Ifis Rental Services S.r.l. is excluded).

Section 2.3.5 applies only to Financial Intermediaries pursuant to Article 106, Italian Consolidated Banking Law (TUB) (Ifis Npl Investing S.p.A., Ifis Npl Servicing S.p.A., Revalea S.p.A. and Cap.Ital.Fin. S.p.A.).

The Subsidiaries implement the Policy in compliance with the legal and regulatory requirements applicable by activity or place of incorporation. In the event that some of the provisions contained in the Policy are less restrictive than the local regulatory framework, the company concerned will adopt the most restrictive existing local regulation.

This Policy will be published on the Banca Ifis website and on the Ifis4you corporate intranet. It will also be issued to the Subsidiaries, in accordance with internal regulations (in particular, see the Group Operational Note - Managing the Implementation of Group Regulations). The Parent Company Process Owners as identified below, with support – where required – from the respective Contact Points appointed for management and administration activities, have liaised, for the subsidiaries falling under the scope of application, with:

- the Process Owners for the corresponding business department (where this is not centralised);
- the senior figures within the subsidiaries, who, when implementing the regulation, should confirm that there is nothing preventing its implementation.

This Policy will also be published in the Directors' Report in accordance with Article 2391-*bis*, Italian Civil Code.

### 1.3 Document Management

This Policy has been adopted by means of a resolution by the Bank's Board of Directors policy after receiving a detailed and reasoned favourable opinion from the Risk Management and Internal Control Committee (composed only of independent directors) and the Parent Company's Board of Statutory Auditors as to whether it can achieve the objectives of the existing regulatory framework. The opinions of the independent directors and of the supervisory body are binding for the purposes of the Board resolution.

Any amendments to the Policy that are necessary and/or appropriate due to regulatory and/or organisational updates are approved by the Board of Directors of the Bank upon proposal of the Chief Executive Officer, subject to the favourable opinion of both the Risk Management and Internal Control Committee (composed only of the independent directors for this purpose) and the Board of Statutory Auditors. This document is in any case subject to review by the Parent Company at least every three years.

Responsibility for the Policy management process is set out as follows:

PARENT COMPANY						GROUP COMPANY
DRAFTING	AGREEMENT	VALIDATION	SUITABILITY OPINION	APPROVAL	CIRCULATION AND ARCHIVING	IMPLEMENTATION
Regulatory Contact Point: Corporate Affairs  <u>Process Owner: Corporate Affairs</u>	Organisation  Risk Management  Finance  Investor Relations and Corporate Development	Chief Executive Officer	Risk Management and Internal Control Committee (Independent Directors)  Board of Statutory Auditors	Board of Directors	Corporate Affairs	The corresponding management body or, where none exists, the hierarchically superior management body

PARENT COMPANY						GROUP COMPANY
DRAFTING	AGREEMENT	VALIDATION	SUITABILITY OPINION	APPROVAL	CIRCULATION AND ARCHIVING	IMPLEMENTATION

This Policy has been approved by the Parent Company's Compliance department, which assessed whether it complies with legislation and supervisory provisions on the matter.

## 1.4 Adopted definitions

Key words	Definition
Executive Directors	In accordance with the Corporate Governance Code and Bank of Italy Provisions, the following persons qualify as executive directors: (i) the president of a company or of a subsidiary having strategic importance, when granted powers concerning management or preparation of company strategies; (ii) directors with management powers and/or who hold management positions in the company or in a subsidiary having strategic importance, or in the parent company when the position also concerns the company; and (iii) directors who are members of the company's executive committee and, in companies that adopt the two-tier model, the directors who are members of the body entrusted with management duties (for Italian companies that adopt the two-tier model, the members of the management board)
Independent Directors	Directors who are not counterparties or Related Parties or have interest in the operation pursuant to Article 2391 of the Italian Civil Code and who meet the independence requirement set out in the regulations implementing Article 26 of the Consolidated Banking Act (see Article 13, Italian Ministerial Decree No. 169 of 23 November 2020), where applicable, and/or the Articles of Association.  With specific reference to Banca Ifis, the Articles of Association state that directors who meet the requirements set out in the Corporate Governance Code and in Article 148, paragraph 3, Italian Consolidated Finance Law (TUF) are considered to be independent.
Non-Executive Directors	These are all Directors who do not have the characteristics to qualify as Executive Directors
Subsidiary Companies	This has the meaning given in section 1.2

Control and joint control	<p>Pursuant to Article 23 of the Consolidated Banking Act [TUB], this refers to: the cases described in paragraphs 1 and 2 of Article 2359, Italian Civil Code; control by contracts or clauses of the Articles of Association having as their object or effect the power to manage and administer an entity; control in the form of dominant influence. Control also means joint control, meaning the contractually established shared control over an economic activity. The following are considered to be parent undertakings: a) entities able to exercise a determining influence over another entity's strategic financial and operating decisions; b) other entities that are able to influence the management of another entity based on equity interests held, agreements of any form, or clauses of the Articles of Association, having as their object or effect the possibility of exercising control. Control is also deemed to be significant when it is exercised indirectly, through subsidiaries, trust companies, third-party entities or persons. Companies and businesses controlled by entities which are in turn subject to joint control are not considered indirectly controlled.</p> <p>In accordance with CONSOB [Italian securities market regulator] Regulations, the terms 'control' and 'joint control' are those defined in IFRS 10 (Consolidated Financial Statement) and 11 (Joint arrangements) and are used with the meanings specified in those IFRS standards. More specifically, as of the date of publication of this Policy, the meanings are as follows:</p> <ul style="list-style-type: none"> <li>➤ control: the exposure or the right to variable returns deriving from its involvement with an investee and the ability to influence those returns through its power over that entity; and</li> <li>➤ joint control: the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control</li> </ul>
Strategic Executives	<p>In accordance with the CONSOB Regulations, strategic executives are those persons having the authority and responsibility for planning, directing and controlling the activities of entity, directly or indirectly, including any director (whether executive or otherwise) of that entity (see IAS 24, section 9). As of the date of this Policy, the Group also identifies the people who fulfil the following roles as executives with strategic responsibilities:</p> <ul style="list-style-type: none"> <li>➤ Parent Company's Chief Executive Officer;</li> <li>➤ Joint General Manager Chief Operating Officer;</li> <li>➤ Joint General Manager Chief Commercial Officer;</li> <li>➤ Chief Lending Officer;</li> <li>➤ Head of NPL Division</li> <li>➤ Head of Internal Audit</li> <li>➤ Head of Compliance</li> <li>➤ Head of Risk Management</li> <li>➤ Head of Anti-Money Laundering</li> <li>➤ Head of Human Resources</li> <li>➤ Chief Financial Officer</li> <li>➤ Financial Reporting Officer</li> <li>➤ Head of General Counsel</li> <li>➤ Head of Investor Relations and Corporate Development</li> <li>➤ Head of Communications, Marketing, Public Affairs &amp; Sustainability</li> <li>➤ General Manager Ifis NPL Servicing S.p.A.</li> <li>➤ Chief Executive Officer of Banca Credifarma S.p.A.</li> </ul>
Company Officers or Officers	The members of the management and control bodies (Board of Directors and Board of Statutory Auditors, according to the traditional Italian system of corporate governance) and the General Manager (where appointed)
Group	This has the meaning given in section 1.2
Banking Group	The Group consists of Banca Ifis and its banking, financial and instrumental subsidiaries

Significant influence	<p>The CONSOB Regulation uses the term ‘significant influence’ with the meaning specified in IAS 28 (Investments in Associates and Joint Ventures). At the date of publication of this Policy, this means the power to participate in determining the financial and operating policies of an investee without having control or joint control over it.</p> <p>In accordance with the Provisions of the Bank of Italy, the term ‘significant influence’ means the power to participate in determining the financial and operating policies of an investee company, without having control over it. Significant influence is presumed where an entity holds, directly or indirectly, 20% or more of the share capital or voting rights in the ordinary shareholders’ meeting or other equivalent body of an investee, or 10% where the investee has shares listed on regulated markets. If an entity holds a percentage of share capital or voting rights that is lower than these thresholds, it may still have significant influence if one or more of the following conditions are met:</p> <ul style="list-style-type: none"> <li>(i) representation on the Board of Directors of the investee; in accordance with the provisions of the regulations for issuers of shares listed on regulated markets, the mere fact that an entity has a member on the Board of Directors as a representative of minority holdings is not in itself an indicator of significant influence;</li> <li>(ii) participation in the investee’s strategic decisions, including participation in shareholders’ meeting decisions concerning the financial statement, dividends, or other distribution of profits or reserves, unless there is a situation of joint control;</li> <li>(iii) there are significant transactions between the investor and the investee;</li> <li>(iv) the interchange of management personnel;</li> <li>(v) provision of essential technical information;</li> </ul> <p>Influence is also deemed to be significant when it is exercised indirectly, through subsidiaries, trust companies, third-party entities or persons. Where an entity under joint control holds an equity interest in an investee, that investee is not considered to be indirectly subject to significant influence</p>
Significant Interests of other members of the Single Perimeter	<p>The Bank defines the significant interests of other related parties or associates of the Group as shareholdings, other than those held by the Group, which result in the exercise of significant influence over one of the companies involved in the transaction where the holder of the equity interest is simultaneously a related party or associate of the Group by virtue of the relationships maintained with the other company involved in the transaction.</p> <p>For infra-group transactions carried out with and between subsidiaries in which other related parties or associates of the Group have significant interests, the Supervisory Body or the entity which has ordinary decision-making power, also in light of the provisions of the CONSOB Regulation, where there is interpretive uncertainty, must submit the transaction for the same decision-making process used for related party transactions. If the Parent Company and its subsidiaries or associates and/or multiple subsidiaries involved in the transaction have one or more common directors or other strategic executives, this is not considered to be significant interests</p>
Regulated Intermediaries	<p>SIMs, EU investment firms, third-country firms other than banks, asset managers, as defined by the Italian Consolidated Finance Law (TUF), as well as foreign asset managers, Electronic Money Institutions (EMI), financial intermediaries entered in the register set up pursuant to Article 106, Italian Consolidated Banking Law (TUB), and payment institutions, which are part of a banking group and have an amount of own funds at individual level greater than 2% of the amount of own funds at consolidated level of the Banking Group to which they belong.</p>
Joint Venture	<p>A joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement</p>
Transaction	<p>This has the meaning given in section 2.3.1</p>
Related party pursuant to the CONSOB Regulation	<p>This has the meaning given in section 2.2.1</p>

Related party pursuant to Article 88, CRD IV	This has the meaning given in section 2.2.3
Non-financial related party	A related party that mainly carries out, directly or through subsidiaries, non-financial business activities as defined within the framework of the rules governing equity interests held by banks and banking groups
Investor	An entity that is required to request authorisation as per Article 19 et seq. of TUB, as may be set out in the applicable regulatory framework
Single Perimeter	This has the meaning given in section 2.2
Associates	Companies over which another company exercises significant influence (see Article 2359, paragraph 3, of the Italian Civil Code)
Key Management Personnel pursuant to Article 136, TUB	<p>The key management personnel of the Bank and of the other banks belonging to the Group are the Company Officers of those banks and the other entities related to them (for example, companies and entities, including those not constituted in corporate form, that are controlled directly or indirectly by a Company Officer and the close relatives of that Company Officer).</p> <p>In any case, it is up to the Board of Directors to assess whether a transaction involves the assumption of 'indirect' obligations to the Company Officer. An 'indirect' obligation is where a contractual relationship, even if formally referring to an entity - natural person (e.g., spouse or other family member of the Officer) or legal entity - that is not the Company Officer, is de facto established with the Company Officer.</p>
Close Relatives	<p>In accordance with the CONSOB Regulation, close relatives of a person are those family members who are expected to influence, or be influenced by, that person in their dealings with the company, including:</p> <ul style="list-style-type: none"> <li>a) the children and spouse or partner of that person;</li> <li>b) the children of that person's spouse or partner;</li> <li>c) the dependants of that person or of his or her spouse or partner</li> </ul> <p>In accordance with Bank of Italy Provisions, 'close relatives' of a related party are defined as relatives up to the second degree of kinship and the spouse or common-law partner, and the children of the spouse or common-law partner.</p>
Related Party pursuant to Bank of Italy Provisions	This has the meaning given in section 2.2.2
Sponsor	The organisational unit that owns the transaction and is responsible for qualifying, assessing and reporting it

## 1.5 Regulatory Framework

### External Regulations

- **Italian Civil Code:** particularly Article 2391-*bis* on related-party transactions
- **Italian Legislative Decree no. 385 of 1st September 1993:** Italian Consolidated Banking Law (TUB) particularly, among others, Articles 53 and 136;
- **Italian Legislative Decree no. 60 of 24th February 1998:** Italian Consolidated Finance Law ('TUF');
- **CONSOB Regulation on related-party transactions:** adopted by CONSOB with Resolution no. 17221 of 12th

March 2010, as amended (already defined above as CONSOB Regulation);

- **CRD IV:** Directive (EU) 2013/36 of the European Parliament and of the Council, as amended;
- **Supervisory Provisions for Banks:** Bank of Italy Circular no. 285 of 17th December 2013, Part Three, Chapter 11, under the heading 'Risk activities and conflicts of interest of banks and banking groups with regard to their related parties' (already defined above as Bank of Italy Provisions);
- **Supervisory Provisions for Financial Intermediaries:** Bank of Italy Circular No. 288 of 3rd April 2015, Title III, Chapter 1, Section VII, under the heading '*Organisational Principles relating to specific activities or risk profiles*';
- **Bank of Italy Circular no. 262/2005:** 'Banks' financial statements – layout and preparation';
- **Supervisory Instructions for Banks:** Bank of Italy Circular no. 229 of 21st April 1999, Title II, Chapter 3, heading 'Obligations of company officers';
- **Accounting Standard IAS 24:** 'Related party disclosures' in effect from time to time;
- **Corporate Governance Code:** Corporate Governance Code prepared by the Corporate Governance Committee of listed companies, promoted by Borsa Italiana S.p.A.

Also, CONSOB Communication no. DEM/10078683 of 24th September 2010, setting out indications and guidelines for the application of the CONSOB Regulation.

#### Internal Regulations

- **Group Policy for Managing Conflicts of Interest:** this document governs the principles adopted for the purpose of managing and mitigating or preventing actual or potential conflicts of interest arising from the various activities carried out by regulated companies belonging to the Banking Group (including those referred to in Article 2391, Italian Civil Code); the policy also requires the adoption of organisational procedures governing the process;
- **Procedure on the Management of Conflicts of Interest (prepared specifically for each Group company):** this document defines the process adopted by each company so as to manage, mitigate or prevent actual or potential conflicts of interest resulting from services it provides. The Procedure also includes a conflicts of interest map and special safeguards for each type of case, in addition to the standard safeguards described in the Group Policy for Managing Conflicts of Interest.
- **Operational Note – Operating instructions on the management of transactions with entities belonging to the Single Perimeter and/or key entities pursuant to Article 2391 ('Operational Note'):** this document provides instructions for managing transactions with entities belonging to the Single Perimeter (which also includes key management personnel pursuant to Article 136, TUB, and key management personnel pursuant to Article 88, CRD IV) and/or key management personnel pursuant to Article 2391, Italian Civil Code.
- **Procedure on the management of transactions with key management personnel pursuant to Article 2391, Italian Civil Code:** this document contains the provisions to be followed to manage transactions with entities where the Directors have or may have an interest, in their own name or on behalf of others, in its completion. These provisions aim to safeguard against the risk posed by the proximity of some persons to the company's decision-making structure which may compromise the objectivity and impartiality of decisions by dint of interests in that person's own name or on behalf of others when completing the Company's transactions, potentially distorting the process to allocate resources and exposing the Company to risks that are not appropriately measured or safeguarded against.

## **2. Group Principles and Rules**

### **2.1 Organisational controls**

#### **2.1.1 Parent Company Risk Management and Internal Control Committee**

The Banca Ifis Board of Directors has assigned the tasks that the CONSOB Regulation and Bank of Italy Provisions assign to Independent Directors to the Risk Management and Internal Control Committee (which is composed only of Independent Directors).

Independence ensures that the Director, when exercising his/her functions, pursues the interests of the Bank. The independent members are those members of Banca Ifis' Board of Directors who qualify as independent in accordance

with Article 2, Corporate Governance Code; Article 148, paragraph 3, Italian Consolidated Finance Law (TUF); and the legislation implementing Article 26, TUB<sup>1</sup>.

The Committee will be responsible for the following:

- it will issue advance reasoned and binding (for the purposes of a Banca Ifis Board of Directors resolution) opinions on whether internal regulations and subsequent updates and amendments can achieve the objectives set by external regulations. This opinion is in addition to the similar opinion required from the Supervisory Body;
- where expressly required, it will issue advance reasoned opinions, which can be binding or non-binding, on transactions with members of the Single Perimeter (as defined below) carried out directly or indirectly by the Bank regarding its interests in carrying out such transactions, and on the value for money and substantive fairness of the related terms and conditions;
- for significant transactions (as defined below), it will be immediately involved - through one or more of its delegated members, if deemed appropriate by the Committee - in the negotiation and preliminary investigation phase of these transactions. It will receive complete and up-to-date information and will have the right to request information from and make observations to delegated Bodies and persons responsible for conducting negotiations or carrying out preliminary investigation; and
- it will constantly monitor transactions performed directly or indirectly by Banca Ifis with members of the Single Perimeter, except for Minor Transactions, for which the procedural exemptions described below have been applied. It will also monitor these transactions so as to adopt any corrective measures required.

### **2.1.2 Alternative controls (Subsidiaries)**

If Subsidiary Companies perform any transactions with any of the Group's related parties, this Policy requires the subsidiary to involve its Independent Directors (where appointed) in the decision-making process.

When expressly provided for, the Independent Directors are responsible for issuing advanced reasoned opinions regarding the subsidiary's and the Group's interests in completing the transaction, and on the value for money and substantive fairness of the related terms and conditions

Alternatively, if no Independent Directors are appointed, the non-banking Subsidiary must adopt an alternative control mechanism whereby transactions must be reported in advance to its Board of Statutory Auditors.

## **2.2 Identifying the scope of the entities involved (Subjective Scope)**

In view of the similarities between the CONSOB Regulation and the Bank of Italy Provisions, and to rationalise the operations of the Parent Company and its Subsidiaries, Banca Ifis, as a listed issuer at the head of the Banking Group, has established a single Group perimeter to which the decision-making procedures set out in this Policy uniformly apply, pursuant to the CONSOB Regulations and the Bank of Italy Provisions ('**Single Perimeter**', see Appendix 1).

The Single Perimeter consists of the aggregation of: (i) Banca Ifis' Related Parties, pursuant to CONSOB Regulations; (ii) the Related Parties, pursuant to the Bank of Italy Provisions, of Banca Ifis and the Banking Group's banks and regulated Financial Intermediaries (with assets in excess of 2% of consolidated own funds) (Italian and foreign). Other cases may be added to reflect both the existing relationships with the Bank and/or the Group, and to consider, among other things, the significance of relationships with economic groups that make use of articulated and complex corporate and organisational structures which may not be fully transparent; and (iii) Related Parties, pursuant to Article 88, CRD IV, paragraph 1, sub-paragraphs 4 and 5, of the Banking Group's banks and regulated financial intermediaries (with assets in excess of 2% of consolidated own funds) (Italian and foreign) (except for those exempted as specified below). Also, if the Bank identifies actual conflicts of interest concerning other entities, it must include them among the recipients of the procedures provided for in the Policy.

### **2.2.1 Related parties pursuant to the CONSOB Regulation**

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<sup>1</sup> In line with the provisions of Italian Ministry of Economy and Finance Decree No. 169 of 23rd November 2020, implementing Article 26, Italian Consolidated Banking Law (TUB), the independence requirements set out in it will apply to members appointed after it enters into force (i.e., 30th December 2020). Until that date, the independence requirements used are those set out in the Articles of Association.

With reference to the Parent Company (as a listed company), related parties are entities defined as being related parties by existing international accounting standards (more specifically, IAS 24) adopted in accordance with the procedure set out in Article 6, Regulation (EC) No. 1606/2002 (**'Related Parties pursuant to the CONSOB Regulation'**).

Specifically, at the date of publication of this Policy, the following are Related Parties pursuant to the CONSOB Regulation:

- 1) an individual or close relative who:
  - a) has control or joint control of Banca Ifis;
  - b) has significant influence over Banca Ifis; or
  - c) is a Strategic Executive of Banca Ifis or one of its parents;
- 2) an entity (in Italy, legal persons) that:
  - d) is part of the Group;
  - e) is an associate or joint venture of Banca Ifis (or an associate or joint venture belonging to the Group);
  - f) is a joint venture of the same third-party with which Banca Ifis has a joint venture;
  - g) is a joint venture of a third-party entity associated with Banca Ifis;
  - h) is represented by a post-employment benefit plan in favour of employees of Banca Ifis or an entity related to it;
  - i) is controlled or jointly controlled by a person identified in point 1) above;
  - j) is subject to significant influence exercised by a person identified in point a) above;
  - k) has, or its parent has, a Strategic Executive who is a person identified at (a);
  - l) provides, or any member of the group to which it belongs provides, key management personnel services to Banca Ifis or its parent (see IAS 24, section 9).

Under the definition of Related Parties pursuant to the CONSOB Regulation, an associate includes the subsidiaries of the associate and a joint venture includes the subsidiaries of the joint venture. Therefore, for example, an associate's subsidiary and the investor that has significant influence over the associate are related to each other (see IAS 24, section 12)

The Parent Company's Related Parties are members of the Single Perimeter that is valid for the entire Group.

## 2.2.2 Related parties pursuant to Bank of Italy Provisions

The following are **'Related Parties pursuant to Bank of Italy Provisions'**

- Related parties:
  - 1) the company officers of Banca Ifis, the banks and the regulated financial intermediaries belonging to the Banking Group;
  - 2) the investors of Banca Ifis, the banks and the regulated financial intermediaries belonging to the Banking Group;
  - 3) persons, other than investors, capable of independently appointing one or more members of the management body or strategic supervisory body, of Banca Ifis and the banks and regulated financial intermediaries belonging to the Banking Group, including on the basis of any type of agreement entered into or clauses in the Articles of Association whose object or effect is the exercising of such rights or powers;
  - 4) companies or enterprises, including those not incorporated as a company, over which Banca Ifis and/or the banks or regulated financial intermediaries belonging to the Banking Group are able to exercise control or significant influence;
- Associates:
  - 5) companies and enterprises, including those not incorporated as a company, controlled by a related party as identified at 1) - 4) above;
  - 6) entities that control a related party among those at 2) and 3) or entities subject, directly or

- indirectly, to joint control with the same related party;
- 7) close relatives of a related party as identified at 1) - 4) above and companies or enterprises controlled by those close relatives.

‘Related Parties’ refers to a group made up of a Related Party and all entities connected with it.

### **2.2.3 Related parties pursuant to Article 88, CRD IV**

The following are Related Parties within the meaning of Article 88 CRD IV:

- the spouse, registered partner, child or parent of a Company Officer<sup>2</sup>;
- a commercial entity in which a Company Officer or his/her close relative as defined in the previous point:
  - has a qualifying holding of 10% or more of the share capital or voting rights in that entity;
  - the Company Officer can exercise significant influence;
  - holds a key managerial position or is a Company Officer.

### **2.2.4 Other entities**

As well as the Related Parties pursuant to the CONSOB Regulation, the Bank of Italy Provisions and Article 88, CRD IV, the Group’s Single Perimeter also includes other entities which – for the purposes of greater protection against and prevention of risk – the Parent Company has deemed it appropriate to include here.

More specifically, these are:

- entities that directly or indirectly, including through subsidiaries, trustees or intermediaries, hold more than 3% of the share capital of Banca Ifis and/or the Banking Group’s banks and regulated financial intermediaries;
- entities that have (among themselves) entered into an agreement, in whatever form, to jointly exercise more than 3% of the voting rights in the Shareholders’ Meetings of Banca Ifis and the Banking Group’s banks and regulated financial intermediaries.

However, for the purposes of including those entities, the Single Perimeter does not include Governments, Governmental Entities and Central Banks and all entities related to them, except those that exercise control or significant influence.

### **2.2.5 Company Officers pursuant to Article 136, Italian Consolidated Banking Law (TUB) (only Group banks)**

With exclusive reference to Banca Ifis and the Group’s other Italian banking components, Article 136, Italian Consolidated Banking Law (TUB) also applies, which prohibits persons performing administrative, management and control functions (Directors, Statutory Auditors and the General Manager) at a bank from entering into obligations of any kind or carrying out sales or purchases, either directly or indirectly, with the bank that he/she administers, manages or controls, except by unanimous resolution and, with the favourable vote of all the members of the supervisory body, excluding the vote of the officer concerned, without prejudice to the obligations established in the Italian Civil Code regarding directors’ interests and related-party transactions. Accordingly, the rules in section 2.4.4 apply to Banca Ifis and the Group’s other Italian banking components.

More specifically, based on the regulatory framework, the term Company Officers pursuant to Article 136, TUB, includes the Company Officers of the Parent Company, of the Group’s banks and entities, natural persons (e.g., spouse or other relative of the Corporate Officer) and/or legal persons, linked to one or more Company Officers by a relationship by which:

- as a result of their obligations, the Company Officers will be held personally liable without limitation. Among other things, this occurs when the obliged or contracting party is: (i) a simple company or general partnership of which the Company Officer is a partner; (ii) a limited partnership or partnership limited by shares (*società in accomandita per azioni*) of which the Company Officer is a partner; (iii) a company in which the Company Officer is the sole shareholder;
- the obligating relationship, despite being formally in the name of a person other than the Company Officer,

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<sup>2</sup>These persons are in any case included in the definition of Close Relatives

is de facto established in the Company Officer's name (indirect obligations). Among other things, this occurs where obligations undertaken by companies directly and/or indirectly controlled by a bank's Company Officer pursuant to Article 23, TUB.

In any case, the Board of Directors must assess whether a transaction involves the assumption of 'indirect' obligations to the Company Officer. An 'indirect' obligation is where the contractual relationship, even if formally in the name of an entity – natural person (e.g., spouse or other family member of the Officer) or legal person – that is not the Company Officer, is de facto established with the Officer.

## **2.2.6 IAS 24**

For the sake of completeness, it is important to note that the obligations concerning Related Parties and Associates are supplemented by the requirements of the IAS 24 accounting standard. The accounting standard defines the extent to which related-party transactions are to be included in financial statements. It includes all Related Parties as defined in the standard and included in the list maintained by Corporate Affairs.

## **2.2.7 Identifying the members of the Single Perimeter**

All members of the Single Perimeter must be fully and promptly identified. This is a necessary condition for the proper application of the decision-making procedures set out in this Policy and for the application of specific provisions pursuant to the CONSOB Regulation on transparency obligations and the Bank of Italy Provisions on regulatory reporting and monitoring of risk activities.

The Parent Company must identify and record - through its Corporate Affairs department - the members of the Single Perimeter using: (i) information obtained from the Shareholders Register, communications made by key management personnel pursuant to Article 152-octies, CONSOB Regulation adopted by CONSOB with Resolution No. 11971 of 14th May 1999 (as amended, the '**Issuers' Regulation**'), or from parents, from the Group's consolidated annual financial report or consolidated half-yearly report; (ii) information gathered from Company Officers and Strategic Executives, by asking them to complete a declaration form; and (iii) information received from the organisational units originating the transactions to acquire holdings, when these determine at least the exercise of significant influence over the investee.

Corporate Affairs will also collect information regarding La Scogliera S.A. and its associates, as a related party pursuant to the CONSOB Regulation and the Bank of Italy Provisions (see sections 2.2.1 and 2.2.2 above).

The Parent Company's records of the close relatives of a related party will also include relatives up to the second degree of kinship. This information will be made available if requested by the Supervisory Authorities.

Minor children of related parties, although included in self-declarations in some cases, are not included in the Bank's list of associates.

The members of the Single Perimeter must promptly provide the information necessary to allow them to be accurately identified and information regarding any related parties or associates, and must promptly report any subsequent changes in that information.

Regulatory Reporting will send a quarterly report to the Corporate Affairs and Compliance departments on any Group regulated financial intermediary whose individual own funds exceeds 2% of consolidated own funds.

The Parent Company's Corporate Affairs department must prepare, maintain and update a list of the members of the Single Perimeter and update it periodically. The Subsidiaries refer to the Single Perimeter defined by the Bank for the entire Group.

Corporate Affairs will send the list of the members of the Single Perimeter to the affected departments and organisational units<sup>3</sup>.

Whenever there is a change to the information contained in the list, Corporate Affairs must promptly make available the updated list using a progressively numbered communication.

To ensure that the Group's company data are constantly up-to-date, Corporate Affairs will send a summary statement

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<sup>3</sup> For more information on the departments and organisational units involved and the related methods of internally agreeing the list, please see the Operational Note – 'Operating instructions on the management of transactions with entities belonging to the Single Perimeter and/or key entities pursuant to Article 2391'.

every six months to Company Officers and Strategic Executives containing existing declarations made, with a request to promptly notify it of any changes that may have been made in the meantime.

Corporate Affairs will also conduct limited check on related parties where, for the purposes of recording, declarations are incomplete or further information is needed for clarification.

Any Group organisational unit, each for the operations under their respective remit, proposing or assessing a new Transaction or renewing or modifying an existing Transaction, must notify Corporate Affairs of any counterparties which it believes fall under the scope of application of this Policy. Corporate Affairs may also request support from the Compliance department for this task.

## 2.3 Transactions with members of the Single Perimeter (Objective Scope)

### 2.3.1 Identifying Transactions

Transactions with members of the Single Perimeter are transactions that the Parent Company and Subsidiaries carry out with members of the Single Perimeter involving risk activities, the transfer of resources, services or obligations, regardless of whether a fee has been agreed (**'Transactions'**).

Except for exempted cases as described below, Transactions include:

- mergers and demergers by incorporation or demergers in the strict non-proportional sense, where carried out with members of the Single Perimeter;
- capital increase transactions with the exclusion of option rights in favour of members of the Single Perimeter.

Except for exempted cases as described below, examples also include but are not limited to:

- the provision of banking services;
- the provision of core and ancillary investment services;
- the distribution of financial and insurance products;
- entering into service and/or system maintenance contracts;
- buying, selling and leasing of real estate; and
- entering into contractual agreements of any kind involving capital, other than those indicated in the previous points.

### 2.3.2 Qualifying Transactions

Transactions are qualified based on: (i) significance; (ii) whether they are ordinary or non-ordinary in nature; and (iii) the terms and conditions applied. With reference to the Parent Company and the other Group banks, transactions pursuant Article 136, TUB, are also significant.

#### 2.3.2.1 Significance

Based on relevant size, Transactions are divided into:

- **Significant Transactions** - these are Transactions in which at least one of the following significance indicators ('Significance Indicators'), which are applied based on the Transaction, exceeds the threshold of 5% of consolidated own funds, as taken from Banca Ifis' most recent consolidated balance sheet:
  - value-based significance indicator: this is the ratio between the value of the transaction and own funds, as taken from the Parent Company' most recent consolidated balance sheet. If the Transaction's financial terms and conditions:
    - i. are determined, the value is:
      - for cash components, the amount paid to/by the contractual counterparty;
      - for components consisting of financial instruments, the fair value of the instruments, determined, at the date of the Transaction, in accordance with the applicable accounting rules;
      - for loan transactions and guarantees, the maximum amount that can be disbursed.

- ii. depend in whole or in part on figures not yet known, the value is the maximum amount receivable or payable under the agreement;
- asset-based significance indicator: this is the ratio between the total assets of the entity involved in the Transaction and the Parent Company's total assets (which includes off-balance sheet items). The figures to be used must be taken from the most recent consolidated statement of financial position published by Banca Ifis; where possible, similar data must be used to determine the total assets of the entity involved in the Transaction. More specifically, with reference to Transactions to acquire and sell:
  - i. investments in companies that affect the scope of consolidation, the numerator figure is the investee's total assets, regardless of the percentage of capital involved;
  - ii. investments in companies that do not affect the scope of consolidation, the numerator figure is:
    - for acquisitions, the value of the Transaction plus any liabilities of the acquiree assumed by the purchaser;
    - for sales, the consideration received for the sold asset;
  - iii. other assets (other than investments), the numerator figure is:
    - for acquisitions, the greater of the consideration and the carrying amount that will be attributed to the asset;
    - for sales, the carrying amount of the asset in question;
- liability-based significance indicator: is the ratio between the acquiree's total liabilities and the Parent Company's total assets. The figures to be used must be taken from the most recent consolidated statement of financial position published by Banca Ifis; where possible, similar data must be used to determine the total liabilities of the company or business unit acquired.

For acquisition, merger and demerger Transactions, the threshold is also 5%; this is to be calculated by using the asset-based significance indicator.

- **Less Significant Transactions** - these are the transactions, other than Minor Transactions (as defined below), in which the Significance Indicators, to be applied based on the type of Transaction, are less than or equal to the 5% threshold;
- **Minor Transactions** - Transactions with a value less than or equal to:
  - €50,000 for purchases of goods and/or services from suppliers;
  - €250,000 for granting loans to customers.

The amount used to establish the significance of a Transaction to purchase goods and services will be determined by adding the Transaction amount to all other purchases already made from the same related supplier from 1st January of each year. However, the decision to grant or review loans must always take account of the overall exposure to the associated counterparty.

#### 2.3.2.2 Regularity

**Regular Transactions** are Less Significant Transactions that are: (i) related to operating activities or, alternatively, related financial activities; and (ii) falling within the ordinary course of operating activities or related financial activities. In particular:

- operating activities are the set of principal activities which generate income and other management activities which are not classifiable as investment or financial activity;
- related financial activities are Transactions which, even if abstractly qualifiable as financial, are principally of an accessory nature in relation to the performance of operating activity<sup>4</sup>.

The following main indicators should be used to assess whether a Transaction falls within normal operating activities or related financial activities:

- the nature of the counterparty;
- the object of the Transaction;

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<sup>4</sup> Pursuant to CONSOB Communication DEM/10078683 of 24/09/2010, capital increases excluding option rights are not (normally) included in the ordinary performance of financial activities related to operating activities.

- the frequency of the type of Transaction;
- the size;
- the Transaction's contractual terms and conditions (including the characteristics of the consideration).

If the Transaction is performed by a subsidiary, the regularity must be assessed based on the activity the subsidiary performs.

### 2.3.2.3 Terms and conditions

Generally, Transactions are carried out under **standard or market terms and conditions** when they are:

- similar to those performed with counterparties which are not members of the Single Perimeter with reference to transactions with similar characteristics in terms of size, nature, type, risk, etc.;
- they can be identified by reference numbers, tariffs, product groups, framework agreements, etc. or applied based on conditions which are defined and imposed by law; and/or
- used in similar transactions by competitors, where available.

If the financial and/or contractual terms and conditions applied to the Transaction deviate from standard or market terms and conditions, this must be appropriately justified by the opportunity and the value for money offered by the Transaction.

The regularity and cost effectiveness of the transaction must be set out in documentation prepared in support of the decision taken in accordance with existing management processes, and supported by an appropriate assessment carried out by the competent technical and control departments for this subject (Risk Management, Compliance, assessment departments), each for the area under its remit, to check whether the terms and conditions are in line with the profitability of the Transaction.

The results of this preliminary phase must be submitted to the Corporate Bodies involved in the decision-making process. More specifically, they should be submitted to the Risk Management and Internal Control Committee for an opinion on the Transaction.

In order to allow the Risk Management and Internal Control Committee, the Board of Statutory Auditors, and both the 2nd- (Risk Management and Compliance) and 3rd-level control departments to monitor Regular Transactions that have been carried out, the organisational units responsible for reporting on the exercise of delegated powers will send a quarterly report to the above control departments, as per relevant internal regulations, containing a list of the Regular Transactions carried out in the reporting period and the related financial terms and conditions applied. This way, the above stakeholders can:

- verify that exemption conditions have been correctly applied;
- identify any operational anomalies that have occurred; and
- address any relevant corrective actions.

### 2.3.3 *General exemptions*

Notwithstanding the obligations to disclose accounting information to the market, where applicable, the provisions of the CONSOB Regulation, the Bank of Italy Provisions, and the procedures set out in this Policy do not apply to the following transactions:

- transactions authorised by the companies and addressed to all shareholders under equal terms and conditions, including:
  - capital increases by rights issue, including those servicing convertible bonds, and free of charge capital increases pursuant to Article 2442, Italian Civil Code;
  - demergers in the strict sense, whether total or partial, with proportional share allocation criteria;
  - reductions in share capital by means of reimbursement to shareholders pursuant to Article 2445, Italian Civil Code, and purchases of treasury shares pursuant to Article 132, Italian Consolidated Finance Law (TUF);
- transactions carried out with/between Subsidiaries where there is a relationship of full or joint control, on condition that the transaction or the counterparty do not involve any significant interests of other members of the Single Perimeter;
- infragroup fund transfer or 'collateral' transactions carried out as part of the liquidity risk management

system at consolidated level;

- transactions relating to the remuneration of Company Officers and Strategic Executives carried out in compliance with applicable regulations on incentive and remuneration systems and, more specifically:
  - fees due to the members of the Board of Directors and the Board of Statutory Auditors, within the limits established by the Shareholders' Meeting in accordance with Article 2389, paragraphs 1 and 3, and Article 2402, Italian Civil Code;
  - fees due to Directors holding special offices and Strategic Executives, provided that the requirements of Article 13, paragraph 3, letter b), CONSOB Regulation are met;
- transactions to be carried out on the basis of instructions issued by the European Central Bank or the Bank of Italy for stability purposes, or on the basis of instructions issued by the Parent Company in the interests of Group stability;
- remuneration plans based on financial instruments approved by the Shareholders' Meeting pursuant to Article 114-bis, Italian Consolidated Finance Law (TUF), and the related implementing transactions;
- transactions carried out to implement framework resolutions adopted in accordance with section 2.4.5 below.

The above Transactions are exempt from the disclosure obligations set out in section 2.8.

#### ***2.3.4 Transactions pursuant to Article 136, Italian Consolidated Banking Law (TUB) (Group banks only)***

The application of Article 136, Italian Consolidated Banking Law (TUB), concerns obligations of any nature and sale agreements, respectively, contracted/completed directly or indirectly by the Company Officers of Banca Ifis and other Group banks.

Examples of the scope of application under consideration include but are not limited to:

- sale agreements;
- obligations of any kind (financial or otherwise), including professional roles conferred - on a continuous or occasional basis - to Company Officers or professional partnerships of which Company Officers are members;
- transactions to exchange bank cheques 'for cash';
- sales of currency and securities that do not meet the conditions set out below.

On the basis of the Bank of Italy's indications, the following do not fall within the scope of application of Article 136 of the Consolidated Banking Act, since they derive from contractual relationships in which the subjective quality of the counterparty is not relevant and the possibility of conflicts of interest that the rule intends to avoid does not exist, not even theoretically:

- services that do not involve offering credit, including the opening of deposits, also in the form of current accounts corresponding to standardised terms and conditions for the use of customers or employees;
- obligations connected with transactions involving the sale of currency and securities, including State or State-backed securities, listed on the electronic market when all the following conditions are met: transactions are performed on regulated markets; standard customer terms and conditions are applied; for purchases, the consideration is paid in advance; for sales, securities are delivered in advance.

An 'indirect' obligation arises where a contractual relationship, even if formally referring to a natural person or legal entity who is not a Company Officer, is de facto established with an Officer. In these cases the Officer must inform the Board of Directors, which will be responsible for assessing whether or not the proposed transaction involves an obligation indirectly contracted by the Officer. The assessment must be conducted without the involvement of the Officer concerned.

Where obligations are contracted by companies, Article 136, Italian Consolidated Banking Law (TUB), will apply where the Company Officer has a controlling position in the contracting company, pursuant to Article 23, Italian Consolidated Banking Law (TUB). In the case of loans to non-subsidiary companies in which an Officer holds the position of director or statutory auditor, the fact that an Officer holds roles in common between the two companies, or holds a minority shareholding in the financed company, does not, by itself, mean that Article 136, Italian Consolidated Banking Law (TUB), applies.

If the Parent Company's Officers holds positions within other Group companies, the contractual relationships established between Group companies do not, by themselves, mean that there are conflicts of interest that are

governed by the provisions of Article 136, Italian Consolidated Banking Law (TUB).

Article 136, Italian Consolidated Banking Law (TUB), also applies when the obliged or contracting party is linked to one or more Company Officers by a relationship that means the Officer(s) obligations give rise to personal liability without limitation. This occurs when the obliged or contracting party is: (i) a simple company or general partnership of which the Officer is a partner; (ii) a limited partnership or partnership limited by shares (*società in accomandita per azioni*) of which the Officer is a partner; (iii) a company in which the Officer is the sole shareholder; (iv) a spouse in a property joint-ownership regime.

### ***2.3.5 Lending to directors (only financial intermediaries pursuant to Article 106, Italian Consolidated Banking Law (TUB))***

With regard to direct or indirect lending to Company Officers and to enterprises or companies controlled by them or over which they are able to exercise significant influence, the Officer concerned must notify the strategic supervisory body for authorisation. The SSB's lending authorisation vote must be unanimous and the officer concerned will abstain from the vote.

## **2.4 Managing Transactions with members of the Single Perimeter**

The process to manage a Transaction with members of the Single Perimeter is as follows: the Transaction's owning organisational unit, whether Parent Company or Subsidiary, will begin negotiations; then it will conduct an investigation; finally, a decision must be taken regarding the Transaction, which may take place in different ways, depending on the type of Transaction.

The owning OU responsible for investigating the transaction must check to see if the counterparty is a member of the Single Perimeter. If so, it must check to see if the transaction qualifies for an exemption, as described above, requesting support, where required, from Corporate Affairs and Compliance. If the transaction's terms and conditions are equivalent to market or standard terms and conditions, objective evidence of this must be shown in the supporting documentation.

Please also note that, in principle, the Transaction's sponsoring organisational unit is responsible for checking to see if the proposed transaction's counterparty entity is a related party. Depending on the process in question, the Bank will also use additional controls, including IT controls, to check if the Transaction's counterparty is a member of the Single Perimeter. The various management systems adopted for the specific businesses in which the Group operates include dedicated functions to recognise members of the Single Perimeter

A schematic summary of the decision-making and information-gathering processes (Appendix 2) and a diagram to assist with the decision-making process (Appendix 3) are attached to this Policy.

### ***2.4.1 Less Significant Transactions (irregular)***

If no exemption applies, the investigating organisational unit will do the following:

- for lending transactions, it will ask Regulatory Reporting to carry out an advance check to see if the prospective Transaction breaches individual and consolidated limits;

and, only where the Transaction is within limits:

- it will send information on the Transaction to the Risk Management and Internal Control Committee (composed only of Independent Directors), via Corporate Affairs.

The following elements are of particular significance: the nature of the relationship, the Transaction's final methods of performance and the Bank's interests (financial, commercial, strategic, etc.) in performing it, the terms and conditions – including financial terms – of performance, the assessment process followed, any risks posed to the Bank.

The Risk Management and Internal Control Committee's Independent Directors must normally receive this information three business days before the date on which an opinion is required.

Using the information it receives, the Risk Management and Internal Control Committee' Independent Directors will assesses the Bank's interests in carrying out the Transaction and the value for money and substantive fairness of the terms and conditions. They will provide a reasoned, non-binding opinion to the decision maker before a decision is made.

The Risk Management and Internal Control Committee's Independent Directors have the power to request additional information and to ask for support from one or more independent experts of their choice, subject to independence checks in accordance with the CONSOB Regulation, and to delegate the management of its investigations to one or more of its members. The opinion will be attached to the minutes of the Risk Management and Internal Control Committee meeting.

The Board of Directors is responsible for taking the final decision, unless legislation or the Articles of Association attribute this responsibility to the Shareholders' Meeting.

Without prejudice to the provisions of Article 53, Italian Consolidated Banking Law (TUB), and Article 2391, Italian Civil Code, if any of the following persons has an interest in the Transaction, in their own name or on behalf of third parties, the paragraphs below set out the action to be taken:

- a director who is not a member of the Risk Management and Internal Control Committee or, more generally, a non-independent director of the Bank, the director concerned must promptly inform the other directors and the statutory auditors of the nature, terms, origin and extent of his/her interest. Where there is a conflict of interests, the director must refrain from taking part in the Board meeting vote to authorise the Transaction;
- an independent director who is a member of the Risk Management and Internal Control Committee, the director concerned must promptly inform the other directors and the statutory auditors of the nature, terms, origin and extent of his/her interest. Where there is a conflict of interests, the director must refrain from taking part in the Board meeting vote to authorise the Transaction and from helping to formulate the Risk Management and Internal Control Committee's opinion;
- a statutory auditor, the auditor concerned must promptly inform the directors and the other auditors of the nature, terms, origin and extent of his/her interest. Where there is a conflict of interests, and if the prospective transaction is to be performed between the Bank and the auditor, he/she must refrain from taking part in the Board of Statutory Auditors vote to authorise the transaction (where the Board is required to vote on this transaction).

This obligation applies only to votes and not to participating in meetings. Abstaining Officers will still be counted for meeting *quorum* purposes but not for decision-making *quorum* purposes (this is a legal obligation).

If, in relation to a Transaction, there are not at least three unrelated Independent Directors on the Risk Management and Internal Control Committee, the following additional equivalent alternative safeguards shall apply, in the following order: (i) an advance opinion from two Independent Directors; (ii) an advance opinion from the sole Independent Director.

Decisions to approve Transactions must contain suitable reasons that justify the interest in carrying out the Transaction, its value for money and the substantive fairness of the related terms and conditions, and justifiable reasons for any deviations from standard or market conditions, in terms of the Transaction's financial and contractual terms and conditions and other characteristics; information supporting the decision must be included in the accompanying documentation.

If the Risk Management and Internal Control Committee's Independent Directors give a negative opinion of the Transaction, the Board of Directors or the Shareholders' Meeting (for matters falling under its remit) may approve it, but must formally state the reasons for making the decision and for why it did not share the opinion.

All transactions authorised where the Risk Management and Internal Control Committee's Independent Directors have given a negative or conditional opinion must be individually reported, as soon as the decision is taken, to the Board of Statutory Auditors if at least one member of the Board of Statutory Auditors did not attend the Risk Management and Internal Control Committee meeting. The RM&IC Committee must notify the Board of Statutory Auditors.

#### 2.4.1.1 Public Disclosure of Less Significant Transactions (Parent Company only)

Without prejudice to the provisions of Article 17, Regulation (EU) No. 596/2014, the Bank must prepare and issue a document indicating the counterparty, the object and the consideration of any transactions approved in the reporting quarter where the RM&IC Committee's Independent Directors expressed a negative opinion on the transaction, and the reasons why Banca Ifis' decision-making bodies did not share this opinion. This document must be made available to the public within fifteen days of the end of each reporting quarter, at the registered office and in the manner indicated in Part III, Title II, Chapter I of the Issuers' Regulation. At the same time, the RM&IC Committee's Independent Directors' negative opinion must be made available to the public in an appendix to the above document or on Banca Ifis' website.

## 2.4.2 Significant Transactions

In addition to the above, the following procedural rules will also apply to Significant Transactions.

The Risk Management and Internal Control Committee's Independent Directors must immediately receive complete and up-to-date information on the negotiations and preliminary investigations. They also have the right to request information from and make comments to the delegated bodies and the persons responsible for negotiations and preliminary investigations.

The organisational unit responsible for the Transaction's preliminary investigation must send this information via through Corporate Affairs, and it must contain details on:

- the nature of the Transaction and the relationships concerned;
- the Transaction's financial and contractual terms and conditions, and method of performance;
- the assessment procedure followed;
- the Bank's interests and underlying reasons;
- any risk posed to the Bank.

The Risk Management and Internal Control Committee's Independent Directors' reasoned opinion is binding and must be issued in time for the meeting of the Board of Directors called to authorise the Transaction.

If the Risk Management and Internal Control Committee's Independent Directors have given a negative or conditional opinion, a prior opinion is also required from the Board of Statutory Auditors, which must be provided with adequate information - in terms of timing and content - on the Transaction. The opinion must be on the Bank's interests in performing the Transaction, on the value for money offered and the substantive fairness of the related terms and conditions. Completed transactions on which the Independent Directors or the Board of Statutory Auditors have issued negative opinions or made remarks must be brought to the attention of the Shareholders' Meeting at least once a year.

If a director or statutory auditor has an interest in the Transaction, in their own name or on behalf of third parties, the provisions that apply to Less Significant Transactions (irregular) as per section 2.4.1 shall also apply here.

When the Shareholders Meeting must make a decision regarding a Significant Transaction, and where the Risk Management and Internal Control Committee's Independent Directors have given a negative opinion, the Transaction cannot be carried out if the majority of the unrelated voting shareholders (who must represent at least ten per cent of the voting share capital) vote against it.

### 2.4.2.1 Public Disclosure of Significant Transactions (Parent Company only)

Pursuant to Article 114, paragraph 5, Italian Consolidated Finance Law (TUF), if the Parent Company performs Significant Transactions, it must (as a listed company) prepare a disclosure document containing the information required by the applicable regulations indicated in Appendix 4 of the CONSOB Regulation and reported below for ease of reference:

- summary evidence of the risks posed by potential conflicts of interest arising from the transaction;
- a description of the transaction's contents. In particular:
  - a description of the transaction's characteristics, method of performance and terms and conditions;
  - an indication of the related parties the transaction was performed with, the nature of the relationship and the extent of those parties' interests in the transaction;
  - an indication of the Bank's (or its Subsidiaries') financial reasons for performing the transaction and the value for money it offers;
  - a description of how the transaction's consideration was determined and of the assessments conducted as to whether it is in line with market values for similar transactions;
  - an illustration of the transaction's economic, capital and financial effects, providing at least the applicable significance indicators;
  - whether the remuneration due to the Bank's directors or members of its Subsidiaries' Board of Directors will change as a result of the transaction, giving a description of the related changes. If there are no changes, the disclosure document must include a statement to that effect.
  - for related-party transactions with Company Officers or Strategic Executives, information on the issuer's financial instruments held by these persons and their interests in performing irregular transactions, as per sections 14.2 and 17.2 of Annex I of Regulation 809/2004/EC;
  - details of the directors who conducted or participated in the negotiations and/or prepared and/or approved the transaction, specifying their respective roles, particularly for independent directors.

With reference to the decisions taken to authorise the transaction, the disclosure must include the names of those who voted for or against the transaction, or abstained from voting, detailing the reasons for any dissent or abstention. In accordance with Article 5 of the Issuers' Regulations, the Independent Directors' opinion must be attached to the disclosure document or published on the Bank's website.

Without prejudice to Article 114, paragraph 1, Italian Consolidated Finance Law (TUF), the disclosure document must be made available to the public at Banca Ifis' registered office and must be sent to Investor Relations and Corporate Development for publication (including the relevant attachments) on the Parent Company's website and using the other methods contained in applicable regulations. This must be done within seven days of the transaction being approved by the Board of Directors or, if the Board of Directors decides to submit a contractual proposal, from the time when the contract, including any preliminary contract, is concluded, in accordance with applicable regulations. Where the Shareholders Meeting is required to take the final decision to authorise a transaction, the disclosure document must be made available within seven days of the Board approving the proposal to be submitted to the Shareholders Meeting.

When it publicises its disclosure, the Parent Company must also send the above documents and opinions to CONSOB via its connection with the authorised storage mechanism, in accordance with Article 65-septies, paragraph 3 of the Issuers' Regulations.

Banca Ifis must also prepare a disclosure document if, during the financial year, it concludes with a member of the Single Perimeter a number of similar Transactions or Transactions that are performed to implement a single plan which, while not qualifying individually as Significant Transactions, exceed, when taken together, the Significance Indicators<sup>5</sup>. In this case, the disclosure document must be made public within 15 days of the Transaction being approved, or of the performance of the contract that causes the Significance Indicator thresholds to be breached. The disclosure must contain information on all Transactions considered for cumulation purposes, and on an aggregate basis where a number of similar transactions are performed together.

The disclosure document must include the binding opinion of the Risk Management and Internal Control Committee's Independent Directors and, if applicable, any additional opinion requested from an independent expert as to whether the transaction's terms and conditions are in line with the market values of similar transactions and any independent expert opinion requested by the Board of Directors<sup>6</sup>.

Corporate Affairs must prepare the disclosure document, with operational support from the competent organisational unit involved, depending on the type of transaction and the related investigation and assessment processes followed. More specifically, Corporate Affairs, with support from Compliance, will gather the information needed to prepare the disclosure document, draft it, submit it to the Risk Management and Internal Control Committee's Independent Directors for approval and, together with the appendices (the Risk Management and Internal Control Committee Independent Directors' opinion and any independent expert opinion), publish it and send it to CONSOB. This work must be done within the timescales specified above and after the Transaction is approved by the Board of Directors (or, if the Board of Directors decides to submit a contractual proposal, from the time when the contract, including any preliminary contract, is performed, in accordance with applicable regulations or, where the transaction falls under the remit of the Shareholders' Meeting, after the Board of Directors has approved the proposed resolution).

As an exception to the obligations regarding the publication of the disclosure document, the following communications must be issued for these transactions, in addition to those to be issued pursuant to Article 154-ter, Italian Consolidated Finance Law (TUF):

- a communication to CONSOB and to the Risk Management and Internal Control Committee's Independent Directors, by the deadline for making the disclosure document available, regarding the counterparty, object and consideration of any exempted transaction and the reasons why the transaction is considered regular and concluded under terms and conditions that are in line with market or standard terms and conditions, providing objective validation information;

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<sup>5</sup> For these purposes, transactions performed by the Subsidiaries are also considered Significant, but transactions qualifying for general exemption and the following transactions qualifying for partial exemption are not considered Significant: (i) Minor Transactions; (ii) Transactions performed pursuant to Article 136, Italian Consolidated Banking Law (TUB); (iii) Regular Transactions performed with related parties not belonging to the Group; (iv) Transactions executed with or between Subsidiaries where less than 100% of share capital is held or with associates and/or entities subject to significant influence, if there are no significant interests in the subsidiaries or associates that are the counterparties to the Transaction; and (v) Less Significant Transactions, other than regular transactions, with Subsidiaries where less than 100% of share capital is held or with associates and/or entities subject to significant influence, if there are no significant interests in the subsidiaries or associates that are the counterparties to the Transaction.

<sup>6</sup> With reference to independent expert opinion, only the elements indicated in Appendix 4 of the CONSOB Regulations may be published, giving reasons for this choice.

- a specific section on these transactions in the interim Directors' Report and the annual Directors' Report;
- a specific section in the Directors' Report regarding the transactions' counterparty, object and consideration.

### ***2.4.3 Transactions giving rise to losses, movements to bad debt, court or out-of-court settlement agreements (only Group banks)***

After seeking a non-binding opinion from the Risk Management and Internal Control Committee (where instituted), the Board of Directors is responsible for decisions regarding write-offs, detailed value adjustments and court and out-of-court settlement agreements reached in relation to exposures with members of the Single Perimeter, regardless of the amount.

The procedure described in this section applies to:

- write-offs and detailed value adjustments, check to see if estimations are correct;
- settlement agreements, concerning the interest in reaching an agreement, the value for money offered and the substantive fairness of the related terms and conditions.

The person identified in the system of responsibilities adopted by the Bank is responsible for making a decision to move a position to bad debt.

If any of the following persons has an interest in a Transaction, either in their own name or on behalf of a third party, the following shall apply:

- for directors: the director concerned must promptly inform the other directors and the statutory auditors of the nature, terms, origin and extent of his/her interest. Where there is a conflict of interests, the director must refrain from taking part in the Board meeting vote to authorise the Transaction;
- for the CEO, where he/she is assigned decision-making powers: the CEO must not perform the Transaction, referring it to the Board of Directors.

### ***2.4.4 Transactions concluded pursuant to Article 136, Italian Consolidated Banking Law (TUB) (only Group banks)***

Banca Ifis' Company Officers and the Company Officers of other Group banks may not enter into obligations of any kind or directly or indirectly sell to or purchase from the Bank without a unanimous decision by the Board of Directors and the favourable vote of all members of the Board of Statutory Auditors. The unanimity required by Article 136, Italian Consolidated Banking Law (TUB), does not require the presence of all Board members. It is sufficient that the number of members required for a valid decision take part and that all those present, without any abstentions - apart from the interested party - vote in favour.

With regard to Board of Statutory Auditors approval, if, for whatever reason, one of the standing auditors is not present at the Board meeting, his or her approval must be formalised in a written document to be held in company records and must be added to the minutes of the following meeting.

The preliminary investigation into transactions falling within the scope of application of Article 136, Italian Consolidated Banking Law (TUB), and the related decisions must meet the requirements of formal and substantive fairness set out in the Article.

The transaction cannot be performed until the above decision-making process has been completed.

Transactions concluded pursuant to Article 136, Italian Consolidated Banking Law (TUB), are subject to the provisions of this Policy and of the regulatory framework on:

- compliance with prudential thresholds;
- pre-decision-making phase, regarding the information that must be provided in advance to the Risk Management and Internal Control Committee's Independent Directors, and for Significant Transactions, regarding the involvement of this committee in negotiations. However, the Risk Management and Internal Control Committee's Independent Directors are not required to provide an opinion in this case, pursuant to Bank of Italy Provisions and Article 13, paragraph 5, CONSOB Regulation;
- disclosure to CONSOB and to the market regarding Significant Transactions concluded during the reporting period;
- periodic accounting disclosures concerning Significant Transactions, other Transactions that have materially affected the statement of financial position or results during the reporting period and changes or developments in already-described transactions that have materially affected the statement of financial position or results

during the reporting period.

#### 2.4.5 Framework decisions (only the Parent Company)

Banca Ifis may use framework decisions for multiple similar Transactions with certain parties or categories of party in the Single Perimeter for specific categories of Transaction. In particular, the following applies:

- the use of framework decisions is subject to the procedures set out for Significant Transactions or Less Significant Transactions using the maximum amount set for the Transactions to be decided upon (considered cumulatively);
- framework decisions are valid for one year, and must refer to sufficiently considered Transactions and must include the expected maximum value of the Transactions to be performed in the reporting period and all expected information on the Transactions to which they refer. In addition, the framework decision must name the person responsible for verifying that any subsequently authorised transactions fall under the same category and do not exceed the maximum approved amount. This person will then also be responsible for providing a quarterly report to the Board of Directors on the implementation of the framework decision;
- at least quarterly, the sponsor must make a report to the Board of Directors on how framework decisions are implemented;
- Banca Ifis must publish a disclosure document, in accordance with this Policy, if the expected maximum amount of the Transactions subject to the framework decision, when considered cumulatively, exceeds one of the Significance Indicators. The procedures envisaged for Significant Transactions or Less Significant Transactions do not apply to individual Transactions performed to implement the framework decision. Transactions performed to implement a framework decision that require a disclosure document are not counted as cumulative transactions for the purposes of section 2.4.2.1.

#### 2.4.6 Specifics regarding Transactions performed by Subsidiaries

Without prejudice to the content of the following sections, if a Subsidiary intends to perform Transactions with members of the Single Perimeter, these Transactions must be approved by the Subsidiary's:

- Shareholders Meeting, if the transactions fall under its jurisdiction as per legislation and the Articles of Association;
- Strategic Supervisory Body (Board of Directors under the traditional Italian corporate governance system where the procedural exemptions set out in section 2.4.7 do not apply);
- Management Body (Chief Executive Officer, General Manager, Managing Director), or the person/entity named in the system of delegated powers<sup>7</sup>, where the procedural exemptions set out in section 2.4.7 apply.

In the first two instances, the Subsidiaries' Management Body must send the investigation file to the relevant Strategic Supervision Body which, having analysed the contents of the Transaction, will make its decision accordingly.

If any of the following persons has an interest in a Transaction, either in their own name or on behalf of a third party, the following shall apply:

- for directors: the director concerned must promptly inform the other directors and the statutory auditors of the nature, terms, origin and extent of his/her interest. Where there is a conflict of interests, the director must refrain from taking part in the Board meeting vote to authorise the Transaction;
- for the CEO, where he/she is assigned decision-making powers: the CEO must not perform the Transaction, referring it to the Board of Directors;
- for the General Manager, where he/she is assigned decision-making powers: the General Manager must not perform the Transaction, referring it to the Board of Directors;
- for statutory auditors: the auditor concerned must promptly inform the directors and the other auditors of the nature, terms, origin and extent of his/her interest. Where there is a conflict of interests, and if the prospective transaction is to be performed between the Subsidiary and the auditor, he/she must refrain from taking part in the Board of Statutory Auditors vote to authorise the transaction (where the Board is required to vote on this transaction).

This obligation applies only to votes and not to participating in meetings. Abstaining Officers will still be counted for meeting *quorum* purposes but not for decision-making *quorum* purposes (this is a legal obligation).

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<sup>7</sup> For information on cases where the person/entity designated in the system of delegated powers (other than Company Officers) has an interest in a Transaction, please see the Policy on Managing Conflicts of Interest and the related Organisational Procedures.

#### 2.4.6.1 Less Significant Transactions (non-banking Subsidiaries)

If a non-banking Subsidiary intends to perform a Less Significant Transaction, the Subsidiary's Independent Directors (possibly meeting in committee if there are more than three) must be given information in advance on the Transaction. If the Subsidiary has no Independent Directors, the responsible organisational unit must send this information to the Subsidiary's Board of Statutory Auditors.

If the Subsidiary's Strategic Supervision Body approves a Less Significant Transaction, it must then be submitted:

- to the Parent Company's Risk Management and Internal Control Committee's Independent Directors, who must provide a non-binding opinion on the benefits for the Group of performing the Transaction and on the substantive fairness of the terms and conditions; and
- to the Parent Company's Board of Directors which, considering the Risk Management and Internal Control Committee's opinion, will give final authorisation or refusal.

If, under the Parent Company's escalation process, the following persons have an interest in a Transaction, either in their own name or on behalf of a third party, the following shall apply:

- for Parent Company directors: the director concerned must promptly inform the other directors and the statutory auditors of the nature, terms, origin and extent of his/her interest. Where there is a conflict of interests, the director must refrain from taking part in the Board meeting vote to authorise the Transaction.

This obligation applies only to votes and not to participating in meetings. Abstaining Officers will still be counted for meeting *quorum* purposes but not for decision-making *quorum* purposes (this is a legal obligation).

#### 2.4.6.2 Less Significant Transactions (banking Subsidiaries)

If a banking Subsidiary intends to perform a Less Significant Transactions, in accordance with Supervisory Provisions and in line with the Parent Company's choices set out in this Policy:

- it will apply the provisions on the procedural and decision-making processes referred to in sections 2.4 et seq., which must be implemented by the relevant Subsidiary bodies and departments (including, but not limited to, those relating to the issue of a non-binding, reasoned opinion by its Independent Directors, meeting in Committee where required); and
- if the Subsidiary's Strategic Supervision Body decides to approve the Less Significant Transaction, it must be submitted:
  - to the Parent Company's Risk Management and Internal Control Committee's Independent Directors, who must provide a reasoned, non-binding opinion on the value for money the Transaction offers to the Group and on the substantive fairness of the terms and conditions. If required, an opinion may be sought from the Subsidiary's Independent Directors; and
  - to the Parent Company's Board of Directors which, considering the Risk Management and Internal Control Committee's opinion, will give final authorisation or refusal.

If, under the Parent Company's escalation process, the following persons have an interest in a Transaction, either in their own name or on behalf of a third party, the following shall apply:

- for Parent Company directors: the director concerned must promptly inform the other directors and the statutory auditors of the nature, terms, origin and extent of his/her interest. Where there is a conflict of interests, the director must refrain from taking part in the Board meeting vote to authorise the Transaction.

This obligation applies only to votes and not to participating in meetings. Abstaining Officers will still be counted for meeting *quorum* purposes but not for decision-making *quorum* purposes (this is a legal obligation).

#### 2.4.6.3 Significant Transactions (non-banking Subsidiaries)

If a non-banking Subsidiary intends to perform a Significant Transaction, it must provide advance information on the Transaction to the Parent Company's Risk Management and Internal Control Committee's Independent Directors, and to the Subsidiary's Independent Directors (which may meet in committee if there are more than three). If the Subsidiary has no Independent Directors, the responsible organisational unit must send this information to the Subsidiary's Board of Statutory Auditors.

The Subsidiary's Strategic Supervision Body has the right to ask the Subsidiary's Independent Directors, or, if there are none, an independent third party, to provide a reasoned, non-binding advance opinion. The opinion must be sent to the Subsidiary's Strategic Supervision Body and to the Parent Company's Risk Management and Internal Control Committee's Independent Directors.

If the Subsidiary's Strategic Supervision Body has taken a decision to approve the Transaction despite receiving a negative or conditional opinion from the Independent Directors, where appointed, the SSB must set out the reasons why it does not share the opinion.

If the Subsidiary's Strategic Supervision Body approves a Significant Transaction, it must then be submitted:

- to the Parent Company's Risk Management and Internal Control Committee's Independent Directors, which will provide a binding opinion on the Group's interests in performing the Transaction and on the value for money offered and the substantive fairness of the related terms and conditions. If required, an opinion may be sought from the Subsidiary's Independent Directors, if appointed; if the Parent Company's Risk Management and Internal Control Committee's Independent Directors give a negative or conditional opinion, the Parent Company's Board of Statutory Auditors must also provide an opinion;
- to the Parent Company's Board of Directors which, considering the Risk Management and Internal Control Committee's opinion, will give final authorisation or refusal.

If, under the Parent Company's escalation process, the following persons have an interest in a Transaction, either in their own name or on behalf of a third party, the following shall apply:

- for Parent Company directors: the director concerned must promptly inform the other directors and the statutory auditors of the nature, terms, origin and extent of his/her interest. Where there is a conflict of interests, the director must refrain from taking part in the Board meeting vote to authorise the Transaction;
- for Parent Company statutory auditors: the auditor concerned must promptly inform the directors and the other auditors of the nature, terms, origin and extent of his/her interest. Where there is a conflict of interests, and if the prospective transaction is to be performed between the Subsidiary and the auditor, he/she must refrain from taking part in the Board of Statutory Auditors vote to authorise the transaction (where the Board is required to vote on this transaction).

This obligation applies only to votes and not to participating in meetings. Abstaining Officers will still be counted for meeting *quorum* purposes but not for decision-making *quorum* purposes (this is a legal obligation).

#### 2.4.6.4 Significant Transactions (banking Subsidiaries)

If a banking Subsidiary intends to perform a Less Significant Transaction, in accordance with Supervisory Provisions and in line with the Parent Company's choices set out in this Policy:

- it will apply the provisions on the procedural and decision-making processes referred to in sections 2.4 et seq., which must be implemented by the relevant Subsidiary bodies and departments (including, but not limited to, those relating to the issue of a binding, reasoned opinion by its Independent Directors, meeting in Committee where required); and
- if the Subsidiary's Strategic Supervision Body approves a Significant Transaction, it must then be submitted:
  - to the Parent Company's Risk Management and Internal Control Committee's Independent Directors, who, after receiving information on the Transaction, will provide a binding opinion on the Group's interests in performing it, on the value for money offered and on the substantive fairness of the related terms and conditions. If required, an opinion may be sought from the Subsidiary's Independent Directors, if appointed. If the Parent Company's Risk Management and Internal Control Committee's Independent Directors give a negative or conditional opinion, the Parent Company's Board of Statutory Auditors must also provide an opinion;
  - to the Parent Company's Board of Directors which, considering the Risk Management and Internal Control Committee's Independent Directors' opinion, will give final authorisation or refusal.

If, under the Parent Company's escalation process, the following persons have an interest in a Transaction, either in their own name or on behalf of a third party, the following shall apply:

- for Parent Company directors: the director concerned must promptly inform the other directors and the statutory auditors of the nature, terms, origin and extent of his/her interest. Where there is a conflict of interests, the director must refrain from taking part in the Board meeting vote to authorise the Transaction;

- for Parent Company statutory auditors: the auditor concerned must promptly inform the directors and the other auditors of the nature, terms, origin and extent of his/her interest. Where there is a conflict of interests, and if the prospective transaction is to be performed between the Subsidiary and the auditor, he/she must refrain from taking part in the Board of Statutory Auditors vote to authorise the transaction (where the Board is required to vote on this transaction).

This obligation applies only to votes and not to participating in meetings. Abstaining Officers will still be counted for meeting *quorum* purposes but not for decision-making *quorum* purposes (this is a legal obligation).

#### 2.4.6.5. Transactions giving rise to losses, movements to bad debt, court or out-of-court settlement agreements (non-banking Subsidiaries)

The person/body identified in the system of delegated powers adopted by the Subsidiary is responsible for decisions regarding write-offs, detailed value adjustments, court and out-of-court settlement agreements reached and the movement of positions to bad debt. In any case information on these issues must be sent in advance to the Subsidiary's Chief Executive Officer and the Compliance department<sup>8</sup>.

### 2.4.7 Procedural exemptions (partial)

Using the option provided for by CONSOB and the Bank of Italy Provisions, the Group has also established procedural exemptions that are set out in this Section.

For the categories of Transaction identified below, all the established obligations not expressly exempted will remain in effect. Among other things, these are: (i) compliance with individual and consolidated limits (see Section 2.5); (ii) regulatory reporting (see Section 2.7); (iii) the preparation and issue of adequate information to allow Transactions to be monitored (see Section 2.8); and (iv) the information and abstention obligations for Transactions in which a director or an auditor has a conflict of interest, in their own name or on behalf of third parties.

Also, if the exemption relates to the 'enhanced' decision-making process, applying the decision-making procedures set out using the delegated powers, and if the following persons have an interest in a Transaction, either in their own name or on behalf of a third party, the following shall apply:

- for directors, when the Board of Directors is assigned decision-making powers: the director concerned must promptly inform the other directors and the statutory auditors of the nature, terms, origin and extent of his/her interest. Where there is a conflict of interests, the director must refrain from taking part in the Board meeting vote to authorise the Transaction;
- for the CEO, where he/she is assigned decision-making powers: the CEO must not perform the Transaction, referring it to the Board of Directors;
- a statutory auditor, the auditor concerned must promptly inform the directors and the other auditors of the nature, terms, origin and extent of his/her interest. Where there is a conflict of interests, and if the prospective transaction is to be performed between the non-banking Subsidiary and the auditor, he/she must refrain from taking part in the Board of Statutory Auditors vote to authorise the transaction (where the Board is required to vote on this transaction).

#### 2.4.7.1 Procedural exemptions (partial) (Parent Company)

The following procedural exemptions apply to the Parent Company:

Minor Transactions are exempt from: (i) the Risk Management and Internal Control Committee's Independent Directors' investigation process; (ii) the 'strengthened' decision-making process set out in the previous sections (therefore applying the decision-making process based on delegated powers); (iii) disclosure to CONSOB; (iv) disclosure to the market; and (v) financial disclosure to the market;

Regular Transactions performed with or between Subsidiaries where less than 100% of share capital is held or with associates and/or entities subject to significant influence, are exempt from: (i) the Risk Management and Internal Control Committee's Independent Directors' investigation process; (ii) the 'enhanced' decision-

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<sup>8</sup> If the transaction is to be performed within the NPL hub, the servicer's and/or the principal's Chief Executive Officer must assess the information.

making process set out in the previous sections (therefore applying the decision-making process based on delegated powers); (iii) disclosure to CONSOB; and (iv) disclosure to the market. The exemption from the enhanced decision-making process will not apply if other members of the Single Perimeter have significant interests in a Regular Transaction;

Regular Transactions concluded with related parties or associates not belonging to the Group are exempt from: (i) the Risk Management and Internal Control Committee's Independent Directors' investigation process; (ii) disclosure to CONSOB; and (iii) disclosure to the market<sup>9</sup>;

Less Significant Transactions, other than regular transactions, with or between Subsidiaries where less than 100% of share capital is held are exempt from: (i) disclosure to CONSOB; and (ii) disclosure to the market. The exemption will not apply where other members of the Single Perimeter have Significant Interests in the transaction or in the Subsidiaries that are counterparties in the transaction;

Transactions falling within the scope of Article 136, TUB, are exempt from the need to seek an advance opinion from the Risk Management and Internal Control Committee's Independent Directors;

Related-party transactions pursuant to Article 88 CRD IV, unless the parties fall under other categories of the Single Perimeter are exempt from: (i) the Risk Management and Internal Control Committee's Independent Directors' investigation process; (ii) the 'enhanced' decision-making process described in the above paragraphs (i.e., they should follow the decision-making procedures based on delegated powers); (iii) disclosure to CONSOB; and (iv) disclosure to the market; and (v) financial disclosure to the market.

#### 2.4.7.2 Procedural exemptions (partial) (non-banking Subsidiaries)

The following procedural exemptions will apply to non-banking Subsidiaries:

Minor Transactions are exempt from: (i) the preliminary investigations carried out by the Subsidiary's Independent Directors, the Parent Company's Risk Management and Internal Control Committee's Independent Directors and the Subsidiary's Board of Statutory Auditors; (ii) the 'enhanced' decision-making process described in the previous paragraphs, including seeking an advance opinion from: the Subsidiary's Independent Directors, the Parent Company's Risk Management and Internal Control Committee's Independent Directors, the Parent Company's Board of Statutory Auditors, and seeking approval from the Board of Directors of the Parent Company (i.e., they should follow the decision-making procedures based on delegated powers); (iii) disclosure to CONSOB; (iv) disclosure to the market; and (v) financial disclosure to the market;

Regular Transactions concluded with or between Subsidiaries where less than 100% of share capital is held or with associates and/or entities subject to significant influence are exempt from: (i) the preliminary investigations carried out by the Subsidiary's Independent Directors, the Parent Company's Risk Management and Internal Control Committee's Independent Directors and the Subsidiary's Board of Statutory Auditors; (ii) the 'enhanced' decision-making process described in the previous paragraphs, including seeking an advance opinion from: the Subsidiary's Independent Directors, the Parent Company's Risk Management and Internal Control Committee's Independent Directors, and the Parent Company's Board of Statutory Auditors, and seeking approval from the Parent Company's Board of Directors (i.e., they should follow the decision-making procedures based on delegated powers); (iii) disclosure to CONSOB; and (iv) disclosure to the market. The exemption from the enhanced decision-making process will not apply if other members of the Single Perimeter have significant interests in a Regular Transaction;

Regular Transactions concluded with related parties or associates not belonging to the Group are exempt from: (i) the preliminary investigations carried out by the Subsidiary's Independent Directors, the Parent Company's Risk Management and Internal Control Committee's Independent Directors and the Subsidiary's Board of Statutory Auditors; (ii) seeking an advance opinion from the Parent Company's Board of Statutory Auditors; (iii) disclosure to CONSOB; and (iv) disclosure to the market;

Less Significant Transactions, other than regular transactions, concluded with or between Subsidiaries where less than 100% of share capital is held are exempt from: (i) involving the Parent Company's Risk Management and Internal Control Committee's Independent Directors in negotiations and disclosure to the Subsidiary's Board of Statutory Auditors; (ii) disclosure to CONSOB; and (iii) disclosure to the market. The exemptions referred to in points (ii) and (iii) will not apply where other members of the Single Perimeter have Significant

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<sup>9</sup> Relating only to collection operations carried out at standard or market conditions as defined in par. 2.3.2.3, they are also to be considered exempt from the 'strengthened' decision-making process, including the opinion in advance of the Parent Company's Risk Management and Internal Control Committee's Independent Directors and the resolution of the Board of Directors

Interests in the transaction or in the Subsidiaries that are counterparties in the transaction;

Related-party transactions pursuant to Article 88, CRD IV, unless the parties fall within other categories of the Single Perimeter, are exempt from: (i) the preliminary investigations carried out by the Subsidiary's Independent Directors, the Parent Company's Risk Management and Internal Control Committee's Independent Directors and the Subsidiary's Board of Statutory Auditors; (ii) the 'enhanced' decision-making process described in the previous paragraphs, including seeking an advance opinion from: the Subsidiary's Independent Directors, the Parent Company's Risk Management and Internal Control Committee's Independent Directors, and the Parent Company's Board of Statutory Auditors, and seeking approval from the Parent Company's Board of Directors (i.e., they should follow the decision-making procedures based on delegated powers); (iii) disclosure to CONSOB; (iv) disclosure to the market; and (v) financial disclosure to the market.

#### 2.4.7.3 Procedural exemptions (partial) (banking Subsidiaries)

The following procedural exemptions will apply to banking Subsidiaries:

Minor Transactions are exempt from: (i) the preliminary investigations carried out by the Subsidiary's Independent Directors and the Parent Company's Risk Management and Internal Control Committee's Independent Directors; (ii) the 'enhanced' decision-making process described in the previous paragraphs, including seeking an advance opinion from: the Subsidiary's Independent Directors, the Subsidiary's Board of Statutory Auditors, the Parent Company's Risk Management and Internal Control Committee's Independent Directors, the Parent Company's Board of Statutory Auditors, and seeking approval from the Parent Company's Board of Directors (i.e., they should follow the decision-making procedures based on delegated powers); (iii) disclosure to CONSOB; (iv) disclosure to the market; and (v) financial disclosure to the market;

Regular Transactions concluded with or between Subsidiaries where less than 100% of share capital is held or with associates and/or entities subject to significant influence are exempt from: (i) the preliminary investigations carried out by the Subsidiary's Independent Directors and the Parent Company's Risk Management and Internal Control Committee's Independent Directors; (ii) the 'enhanced' decision-making process described in the previous paragraphs, including seeking an advance opinion from: the Subsidiary's Independent Directors, the Subsidiary's Board of Statutory Auditors, the Parent Company's Risk Management and Internal Control Committee's Independent Directors and the Parent Company's Board of Statutory Auditors, and seeking approval from the Parent Company's Board of Directors (i.e., they should follow the decision-making procedures based on delegated powers); (iii) disclosure to CONSOB; and (iv) disclosure to the market. The exemption from the enhanced decision-making process will not apply if other members of the Single Perimeter have significant interests in a Regular Transaction;

Regular Transactions concluded with related parties or associates not belonging to the Group are exempt from: (i) the preliminary investigations carried out by the Subsidiary's Independent Directors, the Parent Company's Risk Management and Internal Control Committee's Independent Directors and the Subsidiary's Board of Statutory Auditors; (ii) seeking an advance opinion from the Subsidiary's Board of Statutory Auditors and the Parent Company's Board of Statutory Auditors; (iii) disclosure to CONSOB; and (iv) disclosure to the market<sup>10</sup>;

Less Significant Transactions, other than regular transactions, concluded with or between Subsidiaries where less than 100% of share capital is held are exempt from: (i) the preliminary investigations carried out by the Subsidiary's Independent Directors and the Parent Company's Risk Management and Internal Control Committee's Independent Directors; (ii) seeking an advance opinion from the Subsidiary's Board of Statutory Auditors and the Parent Company's Board of Statutory Auditors; (iii) disclosure to CONSOB; and (iv) disclosure to the market. The exemptions referred to in points (ii) and (iii) will not apply where other members of the Single Perimeter have Significant Interests in the transaction or in the Subsidiaries that are counterparties in the transaction;

Transactions that fall under the scope of application of Article 136, TUB, relating only to Group banks are exempt from: (i) the preliminary investigations carried out by the Subsidiary's Independent Directors and the Parent Company's Risk Management and Internal Control Committee's Independent Directors; (ii) disclosure to CONSOB; and (iii) disclosure to the market (points (ii) and (iii) only apply to Significant Transactions);

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<sup>10</sup> Relating only to collection operations carried out at standard or market conditions as defined in par. 2.3.2.3, they are also to be considered exempt from the 'strengthened' decision-making process, including the opinion in advance of the Subsidiary's Independent Directors, the resolution of the Subsidiary's Board of Directors, the opinion of the Parent Company's Risk Management and Internal Control Committee's Independent Directors and the resolution of the Parent Company's Board of Directors

Related-party transactions pursuant to Article 88, CRD IV, unless the parties fall within other categories of the Single Perimeter, are exempt from: (i) the preliminary investigations carried out by the Subsidiary's Independent Directors and the Parent Company's Risk Management and Internal Control Committee's Independent Directors; (ii) the 'enhanced' decision-making process described in the previous paragraphs, including seeking an advance opinion from: the Subsidiary's Independent Directors, the Subsidiary's Board of Statutory Auditors, the Parent Company's Risk Management and Internal Control Committee's Independent Directors, and the Parent Company's Board of Statutory Auditors, and seeking approval from the Parent Company's Board of Directors (i.e., they should follow the decision-making procedures based on delegated powers); (iii) disclosure to CONSOB; (iv) disclosure to the market; and (v) financial disclosure to the market.

## 2.5 Limits

### 2.5.1 Prudential limits

Risk activities carried out with related parties must be contained within the limits indicated below, in terms of consolidated and individual own funds, as identified in Third Part, Chapter 11 of Bank of Italy Circular No. 285 of 17th December 2013.

To calculate consolidated and individual limits, risk is weighted using factors that consider the risk associated with the nature of the counterparty and any forms of credit protection, in line with existing regulations.

The risk weighting factors and the admissibility conditions for risk mitigation techniques established under the framework for large exposures in Part 4 of Regulation (EU) No. 575/2013 ('CRR') will apply. Risk activities exclude equity investments and other assets deducted from equity. Exposures referred to in Article 390, paragraph 6, letters a), b), c) and d) of CRR are not counted in exposure limits.

If there are several relationships between the Bank or the Banking Group and a related party that entail the application of different prudential limits, the lower limit will apply.

Also excluded from the above limits are:

- risk activities associated with transactions between companies belonging to the Banking Group;
- equity investments held in an insurance company, reinsurance company or insurance holding company in which the Bank or the Banking Group has a significant investment, where it has the authorisation referred to in Article 49, paragraph 1 of CRR; and
- equity investments held in an insurance company, reinsurance company or insurance holding company, for which the Bank (or the Banking Group) does not deduct equity investments held in these companies in accordance with Article 471 of CRR.

#### 2.5.1.1 Consolidated limits

At Banking Group level, the assumption of risk in relation to related parties must be contained within the limits indicated below, in terms of consolidated own funds:

	Company Officers	Investors with control or the ability to exercise significant influence	Other investors and entities that are not investors	Entities subject to control or significant influence
Consolidated limits	5%	Non-financial related parties		
		5%	7.50%	15%
		Other related parties		
		7.50%	10%	20%

#### 2.5.1.2 Individual limits

These apply to the Bank and to the Group's banking Subsidiaries. In line with consolidated limits, the Bank and the Banking Group's Banking Subsidiaries may assume risk posed by carrying out activities with related parties - regardless of the related party is a financial or non-financial entity - up to a limit of 20% of individual own funds. To calculate the individual limit the Bank and the Banking Group's Subsidiaries must take account of the risk posed at Group level by carrying out activities with related parties.

	<i>Company Officers</i>	<i>Investors with control or the ability to exercise significant influence</i>	<i>Other investors and entities that are not investors</i>	<i>Entities subject to control or significant influence</i>
<b>Individual limits</b>	20%			

#### 2.5.1.3 If limits are breached

Banks must continually observe the prudential limits for risk posed by activities with related parties. If one or more limits are breached, risk must be brought back below the threshold as soon as possible. This applies regardless of whether the breach was caused by intent or negligence shown by Group banks – for individual limits – or the Parent Company – for consolidated limits (e.g., a party becomes a related party after the relationship was established). To that end, Banca Ifis must prepare a recovery plan within 45 days of the limit being breached. The plan must be approved by the Board of Directors upon being proposed by the Chief Executive Officer, after seeking an opinion from the Board of Statutory Auditors. The recovery plan must be sent to the Bank of Italy within 20 days of being approved, together with the minutes containing the resolutions of the management bodies. If the limit breach concerns a related party by virtue of the equity investment it holds in the bank or in a Banking Group company, the administrative rights associated with the equity investment will be suspended. As part of its internal capital adequacy assessment process (ICAAP) and pursuant to Title III, Chapter 1 of the Bank of Italy Provisions, Banca Ifis must assess the risks posed by related-party transactions (legal risk, reputational risk or conflict of interests); more specifically, if prudential limits are breached for the reasons indicated above, in addition to the initiatives set out in the recovery plan, the excess will be used in the process to determine total internal capital.

### 2.5.2 *Risk appetite levels*

Banca Ifis must establish risk appetite levels that are in line with the Bank's and Group's strategic profile and organisational characteristics. Risk appetite must also be defined in terms of the maximum risk posed by activities with related parties that is considered acceptable in relation to own funds, with reference to total exposure to all members of the Single Perimeter.

The indicators and related thresholds for monitoring transactions with related parties and associates, and the escalation process in the event that these thresholds are breached, will be defined by Risk Management as part of the Risk Appetite Framework process.

## 2.6 Financial disclosures on Transactions

Group structures must ensure that their administrative and accounting procedures are in line with this Policy.

The 'Related Party Disclosures' (IAS 24) standard ensures that Banca Ifis' financial statements contain the disclosures necessary to highlight the possibility that its capital and financial position and operating result may have been influenced by the existence of members of the Single Perimeter and by transactions and balances with these parties, including commitments.

In particular, Banca Ifis must provide information on remuneration paid to its Company Officers<sup>11</sup> and its Strategic Executives<sup>12</sup>, in total and broken down into the following categories:

<sup>11</sup>The Finance department will gather this information, with support from Human Resources, and record it.

<sup>12</sup> Human Resources will provide this information to the Finance department, for recording.

- short-term employee benefits;
- post-employment benefits;
- other long-term benefits;
- employee termination benefits; and
- share-based payments.

If Banca Ifis has performed transactions with members of the Single Perimeter during the reporting period, and to understand the potential economic and financial effects, it must indicate the nature of the relationship and provide information on the Transactions performed and on outstanding balances. These indications must include at least the following information:

- the amount of the transactions;
- the amount of outstanding balances, including commitments, and:
  - their contractual terms and conditions, including any existing guarantees and the nature of the consideration to be recognised at settlement; and
  - details of any guarantee provided or received;
- provisions for bad debts related to the amount of outstanding balances; and
- the loss recognised during the year on uncollectable or bad debts due from related parties.

A separate supplemental disclosure is required for each of the following categories:

- the parent company;
- the entities that jointly control or exercise significant influence over the reporting entity;
- subsidiaries;
- associates;
- joint ventures in which the reporting entity is a participant;
- company officers;
- strategic executives;
- other related parties.

Also, in accordance with the provisions of Article 5 of the CONSOB Regulation, Banca Ifis, as an Italian issuer of listed shares, must provide information in its interim Directors' Report and annual Directors' Report:

- on individual Significant Transactions concluded during the reporting period;
- on any other individual Related Party Transactions concluded during the reporting period that have had a material impact on the Bank's financial position or results;
- on any changes or developments in the Related Party Transactions described in the last annual report that have had a material effect on the Bank's financial position or results during the reporting period.

In the financial statement notes, the Bank must also provide information on Transactions performed during the reporting period that qualify for exemptions.

## **2.7 Regulatory reporting**

The Bank of Italy Provisions require entities to periodically submit a report to the Bank of Italy on existing risk activities with related parties and on transactions performed by and with these parties. The reports must be prepared with the frequency and level of detail described by the relevant prudential reporting regulations. The consolidated report will be prepared by the Parent Company and each Italian bank will prepare its own individual report. Reporting obligations are governed by the Bank of Italy's Circular no. 285/2013 and 286/2013 as amended.

In line with the existing regulatory framework, loan transactions concluded with Related Parties pursuant to Article 88, CRD IV, as amended and/or implemented at national level from time to time, must be appropriately documented and made available to the Supervisory Authority, if requested<sup>13</sup>.

## **2.8 Disclosure to Corporate Bodies**

With regard to significant and less significant transactions, the CONSOB Regulation requires 'a full report to be made, at least quarterly, to the Board of Directors and the Board of Statutory Auditors on any transactions performed.'

Therefore, this provision applies to Banca Ifis (for all Group transactions).

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<sup>13</sup> See minimum disclosure requirements set out in the EBA Guidelines on Internal Governance.

Also, Bank of Italy Circular 285, Part Three, Chapter 11, Section III, Paragraph 3.2 states that ‘decision makers must provide the strategic supervision bodies, the management bodies and the control departments with periodic information, at least quarterly, on any transactions concluded and their primary characteristics’.

Therefore, this provision applies to Banca Ifis (for all Group transactions) and to Banca Credifarma (only for transactions in which it is a counterparty).

To meet these obligations, this report must be prepared as part of the quarterly report on the exercise of delegated powers<sup>14</sup>. Thus, if any transactions are concluded by Group companies with entities belonging to the Single Perimeter, any owner organisational units with responsibilities to report on the use of delegated powers<sup>15</sup>, must provide information to the first meeting of the Parent Company’s Board of Directors<sup>16</sup> following the end of the quarter<sup>17</sup>.

In addition, the organisational units responsible for quarterly reporting, within the timescales defined in the Operational Note, must also make available the information on transactions concluded with members of the Single Perimeter to the Parent Company’s Internal Audit, Compliance, Risk Management, Corporate Affairs, and Regulatory Reporting departments.

If Banca Credifarma concludes any transactions, it must provide information only on its transactions to the first meeting of Banca Credifarma’s Board of Directors<sup>18</sup> following the end of the quarter.

The minimum information to be included in the report, the method to be used to prepare it and make it available to the relevant bodies and departments/organisational units are set out in an Operational Note.

Sponsors must in any case maintain and constantly make available adequate documentation of all Transactions with related parties and Associates, including minor and regular transactions, to ensure that transactions can be traced, that Corporate Bodies are provided with a correct and timely supply of periodic information, and that the public disclosure obligations set out in this Policy are fulfilled.

## **2.9 Press Release**

For the Parent Company and any other listed companies that may become part of the Group, if a Related Party Transaction constitutes inside information which requires a disclosure by press release in accordance with Article 17 of Regulation (EU) 596/2014, that press release must contain, in addition to the other information to be published pursuant to the Regulation, the following minimum information:

- a description of the transaction;
- an indication that the counterparty in the Transaction is a Related Party and a description of the nature of the relationship;
- the name of the counterparty in the Transaction;
- information on whether the Transaction qualifies as a Significant Transaction, and on whether any disclosure document will be published at a later date;
- the procedure that has been or will be followed to authorise the Transaction and, more specifically, whether the company has used an exemption;
- whether the Transaction has been authorised despite the contrary opinion of the Risk Management and Internal Control Committee’s Independent Directors.

## **2.10 Controls on operations with members of the Single Perimeter**

### **2.10.1 Risk Management**

The Parent Company’s Risk Management department is responsible for assessing the risks underlying relationships with

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<sup>14</sup> To identify the reporting owners, please refer to the Group Policy on Managing Information Flows.

<sup>15</sup> If there are no delegated powers, the report must be prepared by the transaction’s sponsor, as described in the Group Policy on Managing Information Flows.

<sup>16</sup> Please note that the documents appearing on Banca Ifis’ Board of Directors meeting agenda must also be made available to the members of Banca Ifis’ Board of Statutory Auditors.

<sup>17</sup> If no transactions were concluded with members of the Single Perimeter during the quarter, the reporting OU will include a appropriate disclosure of this situation in its report on the use of delegated powers.

<sup>18</sup> Please note that the documents appearing on Banca Credifarma’s Board of Directors meeting agenda must also be made available to the members of Banca Credifarma’s Board of Statutory Auditors.

related parties and verifying compliance with consolidated limits, as defined above. More specifically, the control process includes, among other things, the following activities:

- Risk identification: Risk Management will identify the main risks potentially posed by related-party transactions;
- Measuring identified risks: Risk Management will measure and assess identified risks;
- Monitoring: Risk Management will verify compliance with the risk appetite and with prudential supervisory limits, as defined in the Risk Policies;
- Mitigation: where the risk appetite and/or prudential supervisory limits are breached, Risk Management will act in accordance with the Risk Policies;
- Reporting: the Tableau de Bord includes a section dedicated to transactions with related parties and associates, where Risk Management reports the results of its monitoring activities to the corporate bodies.

### **2.10.2 Compliance**

The Parent Company's Compliance department will verify the existence and reliability of the procedures and systems used to ensure compliance with all legal obligations and obligations contained in internal regulations, as defined each year in the Activities Plan. More specifically, the control process includes the following activities:

- Impact identification and assessment: compliance risk is controlled preventively, primarily by ensuring that external regulations are constantly monitored and appropriately translated into internal policies, processes and procedures. Regulatory alignment is ensured through the following activities: (i) the continuous identification of applicable external regulations; (ii) the assessment of the impact of applicable regulations on business processes and procedures and the consequent proposal of organisational and procedural changes aimed at ensuring compliance risk is appropriately controlled.
- Compliance checks: these are the results of a second-level control process that may involve an assessment of the completeness, suitability, functionality and reliability of internal controls;
- Ongoing controls: these enable processes to be continually monitored in terms of functionality and reliability. They are carried out after checks are completed or during a review of internal regulations. Ongoing controls enable us to produce representative data on potential extraordinary behaviour and a concise and immediate check on internal procedures.

### **2.10.3 Internal Audit**

The Parent Company's Internal Audit department will verify compliance with internal policies, promptly report any anomalies to the Parent Company's Board of Statutory Auditors and Board of Directors, send periodic reports to the corporate bodies regarding the overall risk posed to the Bank and the Group by related-party transactions and from other conflicts of interest and, if necessary, it will suggest amendments to internal policies and organisational and control structures that would enhance the control of such risks.

### **2.10.4 Independent Directors**

The Parent Company's Independent Directors assess, support and make proposals on the organisation and performance of internal controls on the overall assumption and management risks posed by activities with related parties, and on the general checks to be performed to see if activities are in line with strategic and management policies.

With regard to related-party transactions, the Parent Company's Risk Management and Internal Control Committee's Independent Directors, will perform the duties assigned to them by the Board of Directors, as per the 'Regulations on the Proceedings of Meetings of Board of Directors, Board Committees and the Supervisory Board,' as governed under this Policy.

### **2.10.5 Board of Statutory Auditors**

The Board of Statutory Auditors oversees compliance with the law and with the Articles of Association, observance of

the principles of proper management and, in particular, the suitability of the organisational structure. It also carries out audit tasks entrusted to it by law and the Articles of Association, to see that accounting procedures are correct and to assess how efficient and adequate the internal control system is.

In this context, the Parent Company's Board of Statutory Auditors will give its advance opinion on this Policy and subsequent updates, it will ensure that its contents are observed and report on it in its Statutory Auditors' Report to the Parent Company Shareholders' Meeting pursuant to Article 153, Italian Consolidated Finance Law (TUF).

## **Appendix**

In support of this Policy, we have provided the following information:

- the list of members of the Single Perimeter;
- an outline of the decision-making and disclosure processes; and
- a supporting diagram showing the decision-making process.

## Appendix 1 - Single Perimeter

In view of the similarities between the CONSOB Regulation and the Bank of Italy Provisions, and to rationalise the operations of the Parent Company and its Subsidiaries, Banca Ifis, as a listed issuer at the head of the Banking Group, has established a single Group perimeter to which the decision-making procedures set out in this Policy uniformly apply, pursuant to the CONSOB Regulations and the Bank of Italy Provisions.

The Single Perimeter consists of the aggregation of: (i) Banca Ifis' Related Parties, pursuant to CONSOB Regulations; (ii) the Related Parties, pursuant to the Bank of Italy Provisions, of Banca Ifis and the Banking Group's banks and regulated Financial Intermediaries (with assets in excess of 2% of consolidated own funds) (Italian and foreign). Other cases may be added to reflect the existing relationships with the Bank and/or the Group and to consider, among other things, the significance of relationships with economic groups that make use of articulated and complex corporate and organisational structures which may not be fully transparent. Furthermore, if the Bank identifies tangible conflicts of interest concerning other entities, it will include them among the recipients of the procedures set out in the Policy.

SINGLE PERIMETER (GROUP)	
Related parties pursuant to the CONSOB Regulation (of the Parent Company)	Associates pursuant to Bank of Italy Provisions (of the Parent Company and Banking Group's banks and regulated financial intermediaries)
<ol style="list-style-type: none"> <li>1) an individual or close relative who: <ol style="list-style-type: none"> <li>a) has control or joint control of Banca Ifis;</li> <li>b) has significant influence over Banca Ifis; or</li> <li>c) is a Strategic Executive of Banca Ifis or one of its parents;</li> </ol> </li> <li>2) an entity (in Italy, legal persons) that: <ol style="list-style-type: none"> <li>d) is part of the Group;</li> <li>e) is an associate or joint venture of Banca Ifis (or an associate or joint venture belonging to the Group);</li> <li>f) is a joint venture of the same third-party with which Banca Ifis has a joint venture;</li> <li>g) is a joint venture of a third-party entity associated with Banca Ifis;</li> <li>h) is represented by a post-employment benefit plan in favour of employees of Banca Ifis or an entity related to it;</li> <li>i) is controlled or jointly controlled by a person identified in point 1);</li> <li>j) is subject to significant influence exercised by a person identified in point a);</li> <li>k) has, or its parent has, a Strategic Executive who is a person identified at point a);</li> <li>l) provides, or any member of the group to which it belongs provides, key management personnel services to Banca Ifis or its parent.</li> </ol> </li> </ol>	<p><u>Related parties:</u></p> <ol style="list-style-type: none"> <li>1) the company officers of Banca Ifis and the Banking Group's banks and regulated financial intermediaries;</li> <li>2) the investors of Banca Ifis and the Banking Group's banks and regulated financial intermediaries;</li> <li>3) persons, other than investors, capable of independently appointing one or more members of the management body or strategic supervisory body, of Banca Ifis and the banks and regulated financial intermediaries belonging to the Banking Group, including on the basis of any type of agreement entered into or clauses in the Articles of Association whose object or effect is the exercising of such rights or powers;</li> <li>4) companies or enterprises, including those not incorporated as a company, over which Banca Ifis and/or the banks or regulated financial intermediaries belonging to the Banking Group are able to exercise control or significant influence;</li> </ol> <p><u>Associates:</u></p> <ol style="list-style-type: none"> <li>5) companies and enterprises, including those not incorporated as a company, controlled by a related party as identified at 1) - 4) above;</li> <li>6) entities that control a related party among those at 2) and 3) or entities subject, directly or indirectly, to joint control with the same related party;</li> <li>7) close relatives of a related party as identified at 1) - 4) above and companies or enterprises controlled by those close relatives.</li> </ol>
Related Parties pursuant to Article 88, CRD IV	

<ul style="list-style-type: none"> <li>• the spouse, registered partner, child or parent of Company Officers<sup>19</sup>;</li> <li>• a commercial entity in which a Company Officer or his/her close relative as defined in the previous point: <ul style="list-style-type: none"> <li>○ has a qualifying holding of 10% or more of the share capital or voting rights in that entity;</li> <li>○ can exercise significant influence;</li> <li>○ holds a key managerial position or is a Company Officer.</li> </ul> </li> </ul>
<p style="text-align: center;"><b>Other members (included voluntarily)</b></p>
<ul style="list-style-type: none"> <li>• entities that directly or indirectly, including through subsidiaries, trustees or intermediaries, hold more than 3% of the share capital of Banca Ifis and/or the Banking Group's banks and regulated financial intermediaries;</li> <li>• entities that have (among themselves) entered into an agreement, in whatever form, to jointly exercise more than 3% of the voting rights in the Shareholders' Meetings of Banca Ifis and the Banking Group's banks and regulated financial intermediaries.</li> </ul>

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<sup>19</sup> These persons are in any case included in the definition of Close Relatives.



## **Appendix 2 - Decision-making / disclosure process**

Parent Company

	Capogruppo	Interessi significativi di altre parti correlate	Rilevanza	Verifica Limiti Prudenziali	Iter Istruttorio		Iter Deliberativo			Informative		Cfr. Appendice 3
					Informativa preventiva al CCR	Coinvolgimento nelle trattative CCR	Parere preventivo CCR	Parere preventivo Collegio Sindacale	Organo deliberante <sup>1</sup>	Consob e al mercato	Contabile	
Operazioni non esenti	Operazioni ex art. 136 TUB	n.a.	Minore	✓	✓	x	x	✓ con il voto favorevole di tutti i componenti del Collegio Sindacale	CDA all'unanimità, con l'esclusione del voto del soggetto interessato	x	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	A
			Maggiore			✓		✓		B		
	Operazioni rilevanti senza esenzioni <sup>2</sup>	n.a.	Minore	✓	✓	x	✓ Parere non vincolante	x	CDA con l'esclusione del voto del soggetto eventualmente interessato	✓ solo in caso di parere negativo del CCR	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	C
			Maggiore			✓	✓ Parere vincolante	solo in caso di parere negativo o condizionato del CCR		✓	✓	D
Operazioni con esenzione parziale	Operazioni Esigue	n.a.	n.a.	✓	x	x	x	x	AD o il Condirettore Generale (se interessati, si astengono e la competenza è del CDA) o soggetto delegato, in base al vigente sistema delle deleghe	x	x	E
	Operazioni ordinarie concluse con Controllate in caso di rapporto partecipativo non totalitario o con società collegate e/o società sottoposte a influenza notevole	No	Minore	✓	x	x	x	x	AD (se interessato, si astiene e la competenza è del CDA) o altro soggetto delegato, in base al vigente sistema delle deleghe	x	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	F
		Sì							CDA con l'esclusione del voto del soggetto eventualmente			G
	Operazioni ordinarie concluse con Soggetti Collegati non appartenenti al Gruppo	n.a.	Minore	✓	x	x	✓	x	CDA con l'esclusione del voto del soggetto eventualmente interessato	x	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	H
	Operazioni svolte con Parti Correlate ex art. 88 CRD V, salvo che queste siano comunque ricomprese in altre categorie di Perimetro Unico	n.a.	n.a.	x	x	x	x	x	AD (se interessato, si astiene e la competenza è del CDA) o altro soggetto delegato, in base al vigente sistema delle deleghe	x	x	I
	Operazioni di minore rilevanza, diverse da quelle ordinarie, con Controllate in caso di rapporto partecipativo non totalitario o con società collegate e/o società sottoposte a influenza notevole	No	n.a.	✓	✓	x	✓ Parere non vincolante	x	CDA con l'esclusione del voto del soggetto eventualmente interessato	x	✓ solo in caso di parere negativo del CCR	L
Sì												

<sup>1</sup> The decision maker is always the shareholders' meeting where transactions fall under its exclusive remit according to the law.

<sup>2</sup> Exceptions include i) write-offs, detailed item adjustments and settlement agreements reached (in court and out of court) whose decision-making process requires, regardless of amount, a decision from the Board of Directors, after seeking a non-binding opinion from the RM&IC; ii) movements to bad debt where the decision-making process requires a decision from the individual identified in the system of delegated powers.

#### Non-banking subsidiaries

	Società controllate	Interessi significativi di altre parti correlate	Rilevanza	Verifica Limiti Prudenziali	Iter Istruttorio				Iter Deliberativo				Informative		Cfr. Appendice 3	
					Informativa preventiva agli Amministratori Indipendenti della Controllata	Informativa preventiva al CCR di Capogruppo	Coinvolgimento nelle trattative CCR di Capogruppo	Informativa al Collegio Sindacale della Controllata	Parere preventivo agli Amministratori Indipendenti della Controllata	Organo deliberante della società controllata <sup>1</sup>	Parere preventivo CCR di Capogruppo	Parere preventivo Collegio Sindacale di Capogruppo	Assenso CDA di Capogruppo	Consob e al mercato		Contabile
Operazioni non esenti	Operazioni rilevanti senza esenzioni <sup>2</sup>	n.a.	Minore	✓	✓	x	x	solo ove non siano presenti Amministratori Indipendenti nella Controllata	x	CDA con l'esclusione del voto del soggetto eventualmente interessato	✓ Parere non vincolante	x	✓	✓ solo in caso di parere negativo del CCR	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	C
		n.a.	Maggiore			✓	✓		✓ solo ove richiesto dal CDA		✓ Parere vincolante	✓ solo in caso di parere negativo o condizionato del CCR		✓	✓	D
Operazioni con esenzione parziale	Operazioni Esigue	n.a.	n.a.	✓	x	x	x	x	x	AD, DG, General Manager, Consigliere Delegato (se interessati, si astengono e la competenza è del CDA) o altro soggetto delegato, in base al vigente sistema delle deleghe	x	x	x	x	x	E
	Operazioni ordinarie concluse con o tra Controllate in caso di rapporto partecipativo non totalitario o con società collegate e/o società sottoposte a influenza notevole	No	Minore	✓	x	x	x	x	x	AD, DG, General Manager, Consigliere Delegato (se interessati, si astengono e la competenza è del CDA) o altro soggetto delegato, in base al vigente sistema delle deleghe	x	x	x	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	F	
		Si							✓	CDA con l'esclusione del voto del soggetto interessato	✓				G	
		Operazioni ordinarie concluse con Soggetti Collegati non appartenenti al Gruppo	n.a.	Minore	✓	x	x	x	x	✓	CDA con l'esclusione del voto del soggetto interessato	✓	x	✓	x	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo
	Operazioni di minore rilevanza, diverse da quelle ordinarie, con Controllate in caso di rapporto partecipativo non totalitario o con società collegate e/o società sottoposte a influenza notevole	No	n.a.	✓	✓	✓	x	x	✓	CDA con l'esclusione del voto del soggetto interessato	✓	x	✓	x	✓ solo in caso di parere negativo del CCR	I
		Si												✓ solo in caso di parere negativo del CCR		

<sup>1</sup> The decision maker is always the shareholders' meeting where transactions fall under its exclusive remit according to the law.

Group Policy on Transactions with Related Parties, Associates and Company Officers pursuant to Article 136, Italian Consolidated Banking Law (TUB)

	Società controllate	Interessi significativi di altre parti correlate	Rilevanza	Verifica Limiti Prudenziali	Iter Istruttorio				Iter Deliberativo						Informative		Cfr. Appendice 3
					Informativa preventiva agli Amministratori Indipendenti della società controllata	Coinvolgimento nelle trattative Amministratori Indipendenti della società controllata	Informativa preventiva al CCR di Capogruppo	Coinvolgimento nelle trattative CCR di Capogruppo	Parere preventivo degli Amministratori Indipendenti della società controllata	Parere preventivo Collegio Sindacale della società controllata	Organo deliberante della società controllata <sup>1</sup>	Parere preventivo CCR di Capogruppo	Parere preventivo Collegio Sindacale di Capogruppo	Assenso CDA di Capogruppo	Consob e al mercato	Contabile	
Operazioni non esenti	Operazioni ex art. 136 TUB	n.a.	Minore	✓	✓	✗	✓	✗	✓ con il voto favorevole di tutti i componenti del Collegio Sindacale	CDA all'unanimità, con l'esclusione del voto del soggetto interessato	✗	✓	✓	✗	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società	A	
			Maggiore			✓		✓						✓	✓	✓	B
	Operazioni rilevanti senza esenzioni <sup>2</sup>	n.a.	Minore	✓	✓	✗	✗	✗	✓ Parere non vincolante	CDA con l'esclusione del voto del soggetto eventualmente interessato	✓ Parere non vincolante	✗	✓	✓ solo in caso di parere negativo del CCR	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	C	
			Maggiore			✓	✓	✓						✓ Parere vincolante	✓ Parere vincolante	✓ solo in caso di parere negativo o condizionato del CCR	✓
Operazioni con esenzione parziale	Operazioni Esigue	n.a.	n.a.	✓	✗	✗	✗	✗	✗	AD (se interessato, si astiene e la competenza è del CDA) o soggetto delegato, in base al vigente sistema delle deleghe	✗	✗	✗	✗	✗	E	
	Operazioni ordinarie concluse con o tra Controllate in caso di rapporto partecipativo non totalitario o con società collegate e/o società sottoposte a influenza notevole	No	Minore	✓	✗	✗	✗	✗	✗	AD (se interessato, si astiene e la competenza è del CDA) o soggetto delegato, in base al vigente sistema delle deleghe	✗	✗	✗	✗	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	F	
		Sì								✓	CDA con l'esclusione del voto del soggetto eventualmente interessato					✓	✓
	Operazioni ordinarie concluse con Soggetti Collegati non appartenenti al Gruppo	n.a.	Minore	✓	✗	✗	✗	✗	✓	✗	CDA con l'esclusione del voto del soggetto eventualmente interessato	✓	✗	✓	✗	Se effetto rilevante sulla situazione patrimoniale o sui risultati della società nel periodo	H
	Operazioni svolte con Parti Correlate ex art. 88 CRD V, salvo che queste siano comunque ricomprese in altre categorie di Perimetro Unico	n.a.	n.a.	✗	✗	✗	✗	✗	✗	✗	AD (se interessato, si astiene e la competenza è del CDA) o soggetto delegato, in base al vigente sistema delle deleghe	✗	✗	✗	✗	I	
	Operazioni di minore rilevanza, diverse da quelle ordinarie, con Controllate in caso di rapporto partecipativo non totalitario o con società collegate e/o società sottoposte a influenza notevole	No	n.a.	✓	✗	✗	✗	✗	✓	✗	CDA con l'esclusione del voto del soggetto eventualmente interessato	✓	✗	✓	✗	✓ solo in caso di parere negativo del CCR	L
Sì		✓															

<sup>1</sup> The decision maker is always the shareholders' meeting where transactions fall under its exclusive remit according to the law.

General exemptions (Group)

	Capogruppo e società controllate	Verifica Limiti Prudenziali	Iter Istruttorio		Iter Deliberativo			Informative		Cfr. Appen dice 3
			Informativa preventiva al CCR di Capogruppo	Coinvolgimento nelle trattative CCR di Capogruppo	Parere preventivo CCR di Capogruppo	Parere preventivo Collegio Sindacale di Capogruppo	Organo deliberante <sup>1</sup>	Consob e al mercato	Contabile	
Operazioni in esenzione generale (a prescindere dal valore)	Operazioni deliberate dalle società e rivolte a tutti gli azionisti a parità di condizioni	X	X	X	X	X	Assemblea, CDA, Direttore Generale o Amministratore Delegato o General Manager o soggetto delegato, in base al vigente sistema delle deleghe	X	✓	M
	Operazioni con/tra società del Gruppo Bancario quando intercorre un rapporto di controllo totalitario	X	X	X	X	X	Direttore Generale o Amministratore Delegato o General Manager o soggetto delegato, in base al vigente sistema delle deleghe	X	✓	N
	Operazioni di trasferimento fondi o collateral poste in essere nell'ambito del sistema di gestione del rischio di liquidità a livello consolidato	X	X	X	X	X	Direttore Generale o Amministratore Delegato o General Manager o soggetto delegato, in base al vigente sistema delle deleghe	X	✓	O
	Operazioni relative alla remunerazione degli Esponenti Aziendali e dei Dirigenti Strategici effettuate in conformità alla normativa applicabile in materia di sistemi di incentivazione e remunerazione	X	X	X	X	X	Soggetti delegati sulla base della vigenti Politiche di remunerazione e incentivazione	X	✓	P
	Piani di compensi basati su strumenti finanziari approvati dall'Assemblea ai sensi dell'art. 114-bis del TUF e le relative operazioni esecutive	X	X	X	X	X	Soggetti delegati sulla base della vigenti Politiche di remunerazione e incentivazione	X	✓	Q
	Operazioni poste in essere in attuazione di delibere quadro adottate ai sensi della Politica	X	X	X	X	X	Direttore Generale o Amministratore Delegato o General Manager o soggetto delegato, in base al vigente sistema delle deleghe	X	✓	R
	Operazioni da realizzare sulla base di istruzioni impartite dalle Autorità di Vigilanza	X	X	X	X	X	X	X	✓	S

<sup>1</sup> The decision maker is always the shareholders' meeting where transactions fall under its exclusive remit according to the law.

## Appendix 3 – Decision-making process

This diagram should be read in conjunction with the last column of the charts in Appendix 2:

