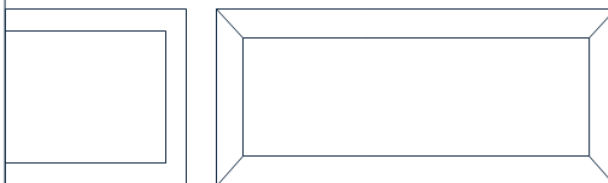




AML FRAMEWORK

May 2021



MEDIOBANCA

GROUP AML/CFT STRATEGY

✗ No anonymous and fictitious named accounts

✗ No relationships with shell banks

✗ No relationship with parties resident/ mainly active in embargoed countries

✗ No relationship with persons convicted for serious crimes (e.g. terrorism, criminal association, drug trafficking, etc.)

✗ No relationships/ transactions with persons included in national and international blacklists (Sanctions, Terrorism)

✓ Risk based approach

✓ Know Your Customer:
- Due Diligence on customers, BO, attorney
- Name detection of PEPs/ sanctions/ crimes on customer/ BO /attorney

✓ Enhanced Due Diligence for:
- PEP customers
- Risky sectors of customer's economic activity (e.g. arms, precious metals, gambling, etc.)
- Residency / SoF-DoF / main activity in high risk countries listed by EU

✓ Sanctions payments screening ex ante

✓ Transaction Monitoring to detect suspicious activity

✓ Suspicious Activity Reporting to the local FIU

GROUP AML/CFT MODEL: COORDINATION TOOLS



Policies and procedures

Ongoing

Each subsidiary is required to comply with the principles established by Mediobanca Group AML/CFT Policy and with further indications of the Group AML Function, in addition to the local AML/CFT law and regulations



Information flows

Yearly/ quarterly

- ◆ Each subsidiary is required to send periodic reporting to the Group AML Function:
 - ◆ annual report (summary of critical issues, checks carried out, planning/ progress of activities)
 - ◆ quarterly report (summary of activities carried out and critical issues identified)



Risk assessment

Yearly

Each subsidiary, in compliance with the provisions defined by the Parent Company, is required to carry out an annual self-assessment of money laundering/ terrorism financing risk exposure based on the methodology defined by Bank of Italy (in addition to the local ML/FT risk self-assessment)



Advisory

Ongoing

The Group AML Function provides constantly support to the AML Function of the subsidiaries in order to ensure the adoption of the strategic guidelines defined by the Parent company and to develop a coordinated approach to money laundering risk

GROUP AML/CFT MODEL: RISK CONTROL

Governance

- ◆ Appointment of the **AML Officer/ MLRO** by the local Board of Directors
- ◆ Adoption and implementation of the **Group AML/CFT Policy and guidelines**
- ◆ Availability of **adequate** human and economic **resources**
- ◆ Standardization of periodic **information flows to the Parent Company**

Know Your Customer

- ◆ Standardization of **customer on-boarding** and **off-boarding rules**
- ◆ Standardization of AML/CTF **name detection rules** (TER, PEP, Crime lists)
- ◆ **Identification** of the customer (and relevant parties), **collection of information** on the customer/ business relationship and their **continuous update**

Risk profiling

- ◆ Standardization of the **criteria for customer risk profiling** (e.g. PEP, TER, AML Countries list, types of economic activity, legal entities organized as vehicles of capital or personal intermediation)
- ◆ Standardization of the methodology to perform the annual **ML risk self-assessment**

Transaction Monitoring

- ◆ Adoption of **transaction monitoring instruments** able to detect any suspicious behavior in customer transactions

Payments screening

- ◆ Adoption of **payments screening processes** to detect within transfer instructions parties and/or countries included in the international blacklists

SAR

- ◆ Obligation to submit to the local FIU the **Suspicious Activity Reports** in case of suspicious behavior in customer

Staff training

- ◆ Obligation to provide adequate and continuous **AML/CFT training** to all staff members

GROUP AML/CFT MODEL: INTERNAL REGULATORY FRAMEWORK

	Description	Application perimeter
Group policy	Strategic document approved by Mediobanca Board of Directors that defines the ML/TF risk management model adopted by Mediobanca Group in terms of: general and operating principles for managing ML/TF risk; organizational model adopted; AML/CFT roles and responsibilities of the corporate bodies and units	▶ Group-wide
AML Function regulation	Organizational document approved by the CEO that defines: Mediobanca Group AML/CFT organizational model; roles, tasks and responsibilities of the Group AML function; information flows of the Group AML function	▶ Each AML Function
Group operational guidelines	Operational guidelines for the management of ML/FT risk in order to harmonize processes within the Group.	▶ Group-wide
Operational procedures	Operational procedures and handbooks detailing relevant AML/CTF processes	▶ Each legal entity

GROUP AML/CFT MODEL AML OFFICERS AND RISK CONTROL FRAMEWORK

Entity

Focal points

Mediobanca italian legal entities



- **AML Officer/ MLRO:** the Head of Group AML is the unique AML Officer/MLRO for all the Italian legal entities. He is appointed by each Company to report to the local Authorities. He reports functionally to Mediobanca Risk Committee
- **AML/CFT risk control:** each legal entity adopts its own AML/CFT framework in compliance with both Italian regulatory requirements and Group AML Policy and guidelines

Mediobanca foreign branches



- **AML Officer/ MLRO:** the local AML Officer/MLRO is appointed by the Parent Company to report to the local Authorities. He reports functionally to Group AML
- **AML/CFT risk control:** each branch adopts the AML/CFT framework of the Parent Company in compliance with the local regulatory requirements

Mediobanca foreign subsidiaries



- **AML Officer/ MLRO:** the local AML Officer/MLRO is appointed by the subsidiary to report to the local Authorities. He reports functionally to Group AML
- **AML/CFT risk control:** each subsidiary adopts its own AML/CFT framework in compliance with both local regulatory requirements and Group AML Policy and guidelines