



Gruppo BANCA IFIS

Supervisory Board Regulation

Updates

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1. Composition

So that it fully complies with and interprets its Organisation, Management and Control Model, as set out by Italian Legislative Decree 231/2001, (the “Organisational Model”), the Company established a Supervisory Board (the “Board”) with a resolution of its Board of Directors dated 28th November 2018.

The Supervisory Board is made up of:

- one member of the Company’s Board of Statutory Auditors, as designated by the Board of Statutory Auditors itself;
- the Head of the Parent Company’s Internal Audit Department;
- the Head of the Parent Company’s Compliance Department.

2. Responsibilities

The Supervisory Board is required to carry out the functions of an internal body that is equipped with autonomous powers of initiative and control as set out by Italian Legislative Decree 231/2001.

In performing its tasks as set out by Italian Legislative Decree 231/2001, the Board is asked to carry out the following activities:

- to adequately identify and monitor the risks referred to in Italian Legislative Decree 231/2001 that are assumed or are assumable in relation to current business processes, ensuring that the activities to identify and map the risk areas and “sensitive processes” are up to date;
- to ensure, with the support of the Technical and Methodological Administration as provided by the Parent Company’s Organisational Office under the terms set out below, that the Organisational Model is kept updated in accordance with legislative evolution, and following modifications to internal organisation and business activities;
- to check the suitability of the Organisational Model, that is, to check its effectiveness in preventing illegal behaviour;
- to cooperate with preparing and supplementing internal behavioural codes;
- to use the business’s control functions and, in general, all business functions to acquire relevant information in accordance with legislation;
- to support initiatives aimed at spreading knowledge about the Organisational Model throughout the Company’s bodies and to its employees, providing the instructions and guidance necessary, including for the purposes of training activity;
- to carry out periodic checks aimed at specific transactions carried out as part of “sensitive processes”;
- to provide extraordinary checks and/or investigations aimed at those parts of the Organisational Model that are shown not to be working properly or if an offence has been committed which is subject to prevention activities;
- to oversee compliance with and application of the Organisational Model and, through the appropriate business functions, implement sanctions in accordance with the law and employment contracts;
- to oversee compliance with legislation on preventing the financial system being used to launder the proceeds of criminal activity and to finance terrorism.

To perform its activities, the Board is supported by the “Technical and Methodological Administration”, as provided by the Parent Company’s Organisational Office, which:

- assists with Board meetings;
- provides support to update the Organisational Model;
- provides support to update this Regulation, if necessary;
- monitors any new legislation, regulations and procedures that are relevant to the activities and functioning of the Supervisory Board and to carry out checks on the suitability of the Organisational Model adopted and any updates that are necessary;
- provides support regarding the assessment of technical and legal topics in relation to the application of Italian Legislative Decree 231/2001;
- provides support to assess and manage any reports of violations of the Organisational Model;

- supports the Supervisory Board's activities to assess whether it is appropriate to issue procedures relating to areas considered to be at risk as part of the Organisational Model and to assess these procedures;
- co-ordinates training initiatives regarding the Entity's administrative liability;
- supports co-ordination with the Parent Company's Supervisory Board.

The Board has access to all activities carried out by the Company and all related documentation. Where key activities or potentially key activities are entrusted to third parties, the Board must also be able to access the activities carried out by those entities.

The Board, in relation to the tasks it is asked to perform:

- makes reports on its activities to the Company's Board of Directors - whose meetings are assisted by the Board of Statutory Auditors - at its earliest available meeting;
- regularly meets with the Company's Governance, Management and Control Bodies;
- liaises with the Parent Company's Supervisory Board.

The Board, except for matters dealt with by individual business structures, also has a consultative and proactive function so that the Company can develop its ethical criteria. In particular, with specific regard to the Code of Ethics, the Board:

- defines the initiatives it believes are suitable to expand knowledge of the Code of Ethics and to clarify its meaning and application;
- co-ordinates the development of rules and procedures which implement the guidance contained in the Code of Ethics;
- oversees compliance with and application of the Code of Ethics and, through the appropriate business functions, implements sanctions in accordance with the law and employment contracts;
- reports to the Board of Directors on the activities it carries out, and on the problems connected with implementing the Code of Ethics.

3. Convening a meeting

The Supervisory Board meets, at least quarterly, on the President's initiative. For each subject to be dealt with, it must make related documentation available to the members. The Board also meets on the initiative of the majority of its members any time they believe it appropriate to act on sensitive processes or abnormal situations.

4. Method of functioning and the President's functions

The Supervisory Board's meetings are valid when at least two members are present.

Each member of the Supervisory Board is able to vote.

The decisions of the Supervisory Board are adopted on a majority of those present.

In the event of an equal vote, whoever is presiding over the meeting will have the casting vote.

For consultancy purposes, the Board may request that Company workers or consultants, including external consultants, with experience in specific areas attend meetings.

The role of President is assumed by the member appointed by the Board of Statutory Auditors. In the event that the President is absent, the meeting will be presided over by the Head of the Parent Company's Internal Audit Department.

The President, as well as convening and presiding over Supervisory Board meetings, co-ordinates the Board's work and executes its decisions.

5. Minuting meetings

Secretarial functions for Board meetings are carried out by the relevant departments that provide support to Management Bodies. The secretary appointed by the Board will prepare summary minutes of Supervisory Board meetings. When requested by the President, the secretary will prepare the agenda, send invitations to meetings and prepare minutes of meetings.

Minutes will be signed by the members participating in the meetings and by the secretary and will be stored by the department that provides support to Management Bodies.

6. Term of office

Only with regard to the member appointed by the Board of Statutory Auditors, the term of office is the same as the duration of the mandate.

If a member is unjustifiably absent for more than two consecutive Supervisory Board meetings, this member may be removed from the role. Removal will be pronounced by the Board of Directors.

If a member of the Supervisory Board intends to resign from the role, he or she must give immediate and reasoned notification to the Board and to the Board of Directors.

The Board of Directors will appoint a replacement.

7. Causes of ineligibility / removal from role

Certain persons cannot be elected as a member of the Supervisory Board. These include: persons who have been sentenced for offences set out in Italian Legislative Decree 231/2001 or who have been prohibited, even temporarily, from public office; persons who administer businesses or organisation which, even indirectly, hinder personal development or are responsible, even partially, for violating fundamental human rights, and persons who are subject to the prohibitive conditions set out by the Banca IFIS Group's Code of Ethics.

8. Reporting

The President of the Supervisory Board, or other member designated by the President on a case by case basis, reports to the Board of Directors, at its earliest possible meeting, on the activities carried out and, where required, on activities that are on-going and/or planned, and whether it has used any of its independent financial resources.

The President of the Supervisory Board, where necessary, assesses whether further forms of reporting are appropriate.

The Supervisory Board, in order to report on the activities it carries out and, where required, on activities that are on-going and/or planned, assists the administration activities of the Parent Company's Supervisory Board, when requested.

9. Financial resources

To further strengthen the Supervisory Board's autonomy and independence, it is provided with adequate financial resources, which are decided in advance by the Board of Directors. The Supervisory Board has full and autonomous access to these resources at all times.