



Generali Central Insurance Co. Ltd.

ANTI-MONEY LAUNDERING & COUNTER- TERRORISM FINANCING POLICY

Anti Financial Crime

INTERNAL POLICY

For internal purposes only

Document summary

Title	Anti-Money Laundering & Counter-Terrorism Financing Policy
GIRS Classification	Internal Policy
Approved by	Board of Directors of Generali Central Insurance Co. Ltd.
Effective date	13-05-2026
Accountable Function	Anti Financial Crime function
Key contact	compliance.gci@generalicentral.com

Versioning and Ownership

Version	Rollout Date	Changed by	Approved by	Purpose of revision
1	31-May-2013	Compliance	BOD	AML policy for General Insurers – Circular dated: 7 th Feb, 2013
2	30-May-2014	Compliance	BOD	Amended to incorporate changes with reference to Record keeping
3	21-May-2015	Compliance	BOD	Incorporated in align with Regional Officer – for reporting purposes.
4	12-May-2018	Compliance	BOD	Incorporation of Rule 9 as amended
5	14-Feb-2019	Compliance	BOD	Removal of Aadhaar Authentication and Rule 9
6	02-Nov-2020	Compliance	BOD	Modified as per IAD Observations
7	9th-Feb-2021	Compliance	BOD	Amendments to customer due-diligence and ongoing monitoring procedures
8	16-Nov-2021	Compliance	BOD	Mentioning & collection of PAN and modes of payment for claims/premium refund
9	05-May-2022	Compliance	BOD	Amendment made to incorporate changes in reporting requirement
9.1	09-Aug-2022	Compliance	BOD	Removal of provisions on international sanctions owing to adoption of International Sanctions Policy
10	08-Nov-2022	Compliance/AFC	BOD	Adoption of the Generali Group AML CTF Policy
11	14-05-2025	AFC	BOD	Aligning with the V7 of the Generali Group AML CTF Policy
11	13-05-2026	AFC	BOD	Annual Review

Main related internal regulatory references

- AML & CTF Customer Due Diligence Group Guideline
- AFC Second Level Controls Group Guideline
- AML & CTF Risk Based Approach Group Guideline
- Suspicious activity Reporting Group Guideline
- AFC Reporting Standards Group Technical Measure

Other related Group internal regulations

- Risk Appetite Framework (RAF) Group Policy
- Group Directives on the System of Governance
- Compliance Management System Group Policy (Compliance Group Policy)
- International Sanctions Group Policy
- Personal Data Protection Group Policy
- Fit & Proper Group Policy
- ONE Procurement Group Guideline
- International Sanctions Group Guideline
- Third-party management and outsourcing Group Policy

Any substituted/abrogated internal regulations

- n/a

Main related external regulatory references

Regulatory ☒ Yes ☐ No

- Fourth Anti-Money Laundering Directive (EU) No. 2015/849 (4AMLD) as subsequently amended and supplemented (5AMLD)
- Commission Delegated Regulation (EU) 758/2019 of 31 January 2019 supplementing Directive (EU) 2015/849
- Commission Delegated Regulation (EU) 2016/1675 of 14 July 2016 supplementing Directive (EU) 2015/849 as subsequently amended and supplemented
- Legislative Decree no. 231/2007 as subsequently amended and supplemented
- IVASS Regulations 44/2019 as subsequently amended and supplemented
- European Banking Association (EBA) Guidelines on the roles and responsibilities of the AML/CTF Compliance Officers European Banking Association (EBA) Guidelines on Internal Governance

Relevant for the purposes of Legislative Decree 231/2001

☒ Yes ☐ No

Annexes

- Annex I – List of Key Implementing Requirements

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1 Glossary and Definitions

Acronym/Term	Explanation/Definition
Additional Measures	Additional Measures are defined by the European legal requirements as the measures, including minimum actions, that Group Legal Entities must take in addition to, or instead of, Group AML/CTF standards to manage the ML/TF risk.
Administrative, Management or Supervisory Body (or AMSB)	AMSB means either the administrative body or, where a two-tier board system comprising of a management body and a supervisory body is provided for under national law, AMSB means the management body or the supervisory body or both of those bodies as specified in the relevant national legislation or, where nothing is specified in the relevant national legislation, the management body, or Board of Directors of Generali Central Insurance Co. Ltd.
AFC Quality Assurance Controls	Direct controls designed and implemented by the Group AFC function with the aim of verifying the correct implementation of Group AML/CTF standards by GLEs and issue corrective measures, if needed.
AG	Assicurazioni Generali S.p.A., an Italian insurance and reinsurance undertaking, listed on the Milan Stock Exchange, and ultimate parent company of the Generali Group.
AG BoD	The Board of Directors of AG, which have the broadest management powers for the pursuit of the corporate purpose and being supported by Board Committees with advisory, proposing and investigating responsibilities.
AML/CTF (Compliance) Program	The AML/CTF Compliance Program is a comprehensive framework or set of initiatives aimed at the mitigation of the risks taken into consideration. The AML/CTF Program must provide at least for: - written policies and procedures (with clear roles and responsibilities); - identified key control mechanisms; - training programs; - an effective line of communication to report misconducts; - a disciplinary system. This AML/CTF Compliance Program shall, also, include the mandates laid down under the IRDAI Master Guidelines on AML/CFT, 2022, which shall be put down in detail, in the Guidelines under this AML/CTF Compliance Program.
Beneficial Owner	Any natural person(s) who ultimately owns or controls the customer and/or the natural person(s) on whose behalf a transaction or activity is being conducted
Branch	A branch, not having legal personality, that is part of a Group Legal entity and that has permanent representative offices.
Business Relationship	Business Relationship means a business, professional or commercial relationship which is connected with the professional activities of an AML obliged entity and which is expected, at the time when the contact is established, to have an element of duration.
Business Unit (or BU)	Geographical areas and global lines of business which the Generali Group is organized into according to the latest internal memoranda.
BU/ Local AFC Function	The AFC Function at BU/ Local level. For the purpose of this Policy, the AFC Functions at BU level are defined in accordance with the organizational set-up decided by the Group Chief AFC Officers and formalized in the internal memoranda.
Correspondent Banking account	Arrangement under which one bank ("correspondent") holds deposits owned by other banks ("respondents") and provides payment and other services to those respondent banks.
Complex entity	The AML relevant Group Legal Entities exposed to a higher nature, scale and complexity of intrinsic ML risk
Controlled Legal Entities	Legal Entities in which the Group holds a majority stake (at least 50%+1).
Controlled Not Regulated Operative Legal Entities	Legal Entities not subject to prudential supervision and characterized by the presence of operating processes.
Controlled Not Regulated Residual Legal Entities	Legal Entities not subject to prudential supervision without operating processes.
Controlled Regulated Legal Entities	Legal Entities subject to prudential supervision such as insurance companies, banks, pension funds and fund management companies, etc.
Customer Due Diligence (CDD)	Customer due diligence includes the identification and verification of the customer's and the other relevant parties' identity, the assessment of the purpose and intended nature of the Business Relationship, and the ongoing monitoring of the Business Relationship.
Customer	The Customer is the person who, even through a joint account or a joint ownership, establishes a Business Relationships or carries out transactions.
Date of Issuance	Date on which an internal regulation is approved.
Effective Date	Date from which the Implementation of an internal regulation must be started.

Enhanced Due Diligence (EDD)	Additional examination and cautionary measures aimed at identifying customers and confirming that their activities and funds are legitimate.
Employee	An Employee is a person who is hired to work for a Group Legal Entity in exchange for a wage, salary, fee or payment, including full and part-time employees and temporary workers.
Financial Intelligence Unit (FIU)	A central governmental office that obtains information from financial reports, processes it and then discloses it to an appropriate government authority in support of a national anti- money laundering effort. The activities performed by an FIU include receiving, analyzing and disseminating information and, sometimes, investigating violations and prosecuting individuals indicated in the disclosures.
Generali Group (or Group)	The Generali Group whose ultimate parent Company is Assicurazioni Generali S.p.A.
GIH	Generali Investments Holding S.p.A. is the holding company of Generali Group controlling Group Asset Management Legal Entities.
GIH Legal Entities	Group Legal Entities controlled by GIH.
Group AML Relevant Customers	Customers and all other parties involved in the Business Relationship or Transactions relevant at Group level for their risk exposure to ML/TF Risks identified by Group internal regulations.
Group AML/CTF Standards (or Group Standards)	The Group AML/CTF Standards are the minimum measures to be adopted by Group Legal Entities to ensure the consistent implementation of Generali Group-wide anti-money laundering and countering

	the financing of terrorism policies and procedures and the robust and effective management of money laundering and terrorist financing risk within the Generali Group.
Group CEO (or GCEO)/ Local CEO (or LCEO)	The Chief Executive Officer at Group/ Local level, who is the main person responsible for the corporate management of the Group/ GLE.
Group Data Sharing Consolidated List (or Group Consolidated List)	Group Data Sharing Consolidated List is the list where the Group AFC function consolidates all Group Relevant Customers information and data in order to share those with the Group Legal Entities.
Group Head Office (or GHO)	The set of AG functions that steers, controls and supports the <i>Business Units</i> in the implementation of the Group strategy.
Group Internal Regulation	A Group Policy, a Group Guideline or a Group Technical Measure according to the definition provided in the GIRS Group Policy.
Group Legal Entity (or GLE)	Any company belonging to the Group and falling within the scope of application of this Policy, or Generali Central Insurance Co. Ltd. ("GC")
Group/ BU/ Local Accountable Function	The function that, for a specific Group internal regulation, is accountable to manage the GIRS relevant activities at Group/BU/Local level.
High-Risk Third Countries	Third-country jurisdictions (i.e. non-EU jurisdictions) which have strategic deficiencies in their national AML/CFT regimes that pose significant threats to the financial system of the Union as identified by EU Commission in order to protect the proper functioning of the internal market.
Know Your Customer (KYC)	The Know Your Customer process is intended to enable the financial institution to form a reasonable belief that it knows the true identity of each customer and other relevant parties. This process is a component of the overall CDD procedures.
Implementation	Execution of all the actions, in terms of organization, processes, information flows, IT tools and any other features covered by the regulation itself.
Implementation Deadline	Date by which the Implementation of a Group internal regulation must be completed.
Investment funds and vehicles	Undertakings for collective investment established in the form of autonomous assets, divided in shares and operated by management companies and Investment structures created with the aim of raising capital from a plurality of subjects in order to invest it in financial instruments and/ or real estate assets.
IVASS	The Italian Insurance Supervision Institute that pursues adequate protection of insured persons, with a view to the sound and prudent management of insurance and reinsurance undertakings and the stability of the financial system and markets.
Joint Venture	Legal Entities established on the basis of specific shareholder agreements defined with partners.
Key Functions	The Actuarial, Compliance, Risk Management and Internal Audit functions. The anti financial crime function, where established, is assimilated to a Key Function.
Local internal regulation	Regulation issued by a Group Legal Entity, which transposes a Group internal regulation.
Local level (or Local)	The Group Legal Entity level.
Local requirement(s)	Including but not limited to, • IRDAI Master Guidelines on AML/CFT, 2022 • The Prevention of Money Laundering Act, 2002 • The Prevention of Money- Laundering (Maintenance of records) Rules, 2005
Major Change	Any amendment to be introduced in a Group internal regulation already in force, not falling under the definition of Minor Change, e.g.: addition, deletion, replacement or substantial amendment of/to principles and/or provisions, as amendments of roles and responsibilities, alignment to different external regulatory requirements, change to the Group Accountable Function, any amendments affecting the BoD.
Minor Change	Non-substantial amendment to be introduced in a Group internal regulation already in force, namely: • alignment to the latest GIRS standard templates attached to the GIRS Group Policy; • updates to reflect formal changes in the AG organizational structure (i.e function/structure/unit names provided that the entrusted responsibilities remain unchanged) already approved by the relevant AG corporate bodies and disclosed through internal memoranda; • updates to annexes referring to standard forms or supporting technical details, as long as they do not include additional substantial elements; • linguistic corrections (e.g. typos).

Non-complex entity	Non-substantial amendment to be introduced in a Group internal regulation already in force, namely: • alignment to the latest GIRS standard templates attached to the GIRS Group Policy; • updates to reflect formal changes in the AG organizational structure (i.e function/structure/unit names provided that the entrusted responsibilities remain unchanged) already approved by the relevant AG corporate bodies and disclosed through internal memoranda; • updates to annexes referring to standard forms or supporting technical details, as long as they do not include additional substantial elements; • linguistic corrections (e.g. typos).
Not controlled Legal Entities	Legal Entities in which the Group does not hold the majority stakes (at least to 50% + 1).
Merger & acquisition (M&A) Transactions	Business transactions in which the ownership of companies, other business organizations, or their operating units are transferred to or consolidated.
Money Laundering (ML)	The process by which criminals attempt to conceal the true origin and ownership of the proceeds of criminal activities.
Money Laundering Risk (or ML Risk)	The Money Laundering risk is the risk deriving from the violation of legal external and internal requirements for the prevention of the use of the financial system for the purposes of money laundering, terrorist financing and financing of weapons of mass destruction proliferation programs, as well as the risk to be involved in such as cases.
Money Laundering Reporting Officer (MLRO)	The MLRO is responsible for reporting suspicious transactions or activities to the relevant local authorities (i.e. national Financial Intelligence Unit). The AML/CTF Officer can be appointed also as MLRO.
Overall Risk Assessment (ORA)	The process aimed at identifying and evaluating the risks that may affect the Company, also in a forward-looking perspective, and at addressing the business planning and strategies of the Company as well as at supporting risk-informed decisions.
AFC Risk Assessment (or Risk Assessment)	Exercise aimed at providing a fact-based evaluation of the Group risk exposure after assessing whether the Internal Control Systems (ICS) is sufficiently robust to mitigate the ML/TF and IS risk factors entailed by the intrinsic risk (e.g., products/portfolio, clients/geographies and distribution channel).
Person Acting on Behalf (or Person Purporting to Act on Behalf)	A Person is Acting on Behalf of a Customer or of a Beneficiary when that person is operating or transacting on a Business Relationship, financial instrument, account or facility that is held by another party (i.e., the Customer). This may include: • A person with authority to sign, amend Business Relationship details, transfer funds and spend in the Customer's name (e.g. a signatory or second cardholder on a spouse's account); • A person granted authority because they are the legal or natural guardian of a minor or the holder of an operational power of attorney, or similar; • An individual who is authorised to represent any legal entity appointed as a professional third party to act for the Customer; • A person who is authorised to use a password (or similar) to log in to an account or facility held by the Customer (e.g. internet or mobile banking); • An employee of the Customer who undertakes daily duties for the Customer; • A third party payer of an insurance premium or a payee of an insurance payout or claim.

Politically Exposed Person (PEP)	PEP is a natural person who performs or has performed a "Prominent or senior public position" domestically or abroad, or a close family member of such a person or a close associate of such a person. Prominent or senior public position includes the following: a. Heads of State, heads of government, ministers and deputy or assistant ministers; b. Members of parliaments or of similar legislative bodies; c. Members of the governing bodies of political parties; d. Members of supreme courts, of constitutional courts or of other high-level judicial bodies whose decisions are not subject to further appeal, except in exceptional circumstances; e. Members of courts of auditors or of the boards of central banks; f. Ambassadors, <i>chargés d'affaires</i> and high-ranking officers in the armed forces; g. Members of the administrative, management or supervisory bodies of State-owned enterprises; h. Directors, deputy directors and members of the board or equivalent function of an international organization. No public function referred to in points (a) to (h) shall be understood as covering middle-ranking or more junior officials. PEP measures also apply to family members or persons known to be close associates of politically exposed persons.
Personal Data	Any information directly or indirectly relating to an identified or identifiable natural person.
Proportionality Principle	Proportionality Principle requires that AML/CTF measures are adopted applying a risk based approach taking into account the nature, scale and complexity of the services provided (e.g., insurance, banking, payment, e-money services), the size of the institution and the organizational structure (including the use of agents, outsource providers, foreign activities, number of employees).
Relevant AML/CTF Parties (or Relevant Parties)	They are the following: • Customers; • Persons Acting on Behalf; • Beneficiaries; • Beneficial Owners; • Insureds (when equivalent to customers in group policies).
Regulatory Qualification	A Group internal regulation is classified as Regulatory when: • an external law or regulation sets the obligations to implement a Policy or Guideline at Group level; • a Guideline or a Technical Measure details one or more regulatory provisions of the above Policies and/or Guidelines.
Reputational Risk	The potential losses arising from a deterioration or a negative perception of the Company's or Group's reputation in respect of its customers, counterparties, shareholders and Supervisory Authority. The potential that adverse publicity regarding a financial institution's business practices and associations, whether accurate or not, will cause a loss of confidence in the integrity of the institution. Insurance and other financial institutions are especially vulnerable to reputational risk
	because they can become a vehicle for, or a victim of, illegal activities perpetrated by customers.
Risk-Based Approach	The approach whereby obliged entities identify, assess and understand the ML/TF risks to which subjects of assessment are exposed and take AML/CFT mitigation measures that are proportionate to those risks.
Board Member responsible for AML/CTF Compliance	Member of the Management Body who is ultimately responsible for the implementation of the AML/CTF laws, regulations and administrative provisions applicable to the Group and the GLE.
Shell Bank	A credit institution or financial institution, or an institution that carries out activities equivalent to those carried out by credit institutions and financial institutions, incorporated in a jurisdiction in which it has no physical presence, involving meaningful mind and management, and which is unaffiliated with a regulated financial group.
Simplified Due Diligence (SDD)	Measures adjusted for the amount, timing or type of each or all of the CDD measures in a way that is commensurate to the low risk identified.
Suspicious Activity	Unusual customer behavior or activity that raises a suspicion that it may be related to money laundering or to the financing of a terrorist activity: may also refer to a transaction that is inconsistent with a customer's known legitimate business, personal activities, or the normal level of activity for that kind of business or account.

Suspicious Transaction Report (or STR or SAR)	A suspicious transaction/ activity, whether completed or attempted, is a transaction/ activity that raise the feeling or impression that something or someone could be related to a money laundering or terrorism financing offence. All suspicious relationships and transactions, including attempted transactions, should be reported to the local Financial Intelligence Unit, regardless of the amount of the single transaction.
Tied-Insurance Intermediary	Any person who carries on the activity of insurance mediation for and on behalf of one or more insurance undertakings in the case of insurance products which are not in competition but does not collect premiums or amounts intended for the customer and who acts under the full responsibility of those insurance undertakings for the products which concern them respectively.
Third Country	A country other than an EU Member State.
Third Party acting on behalf of the Group	Third Party acting on behalf of the Group are persons who have the mandate to act on behalf of the Group (e.g., agents, intermediaries, consultants, advisors, service providers, suppliers and includes outsources) and manage any AML/CTF activities.
Transaction	A Transaction is any transmission or movement of funds regardless the connection with an ongoing relationship, as well as the designation of one or more beneficiaries specifically identified or unambiguously identifiable.

2 Introduction

2.1 OBJECTIVES

The Generali Group is fully committed to the highest standards of Anti-Money Laundering (“AML”) and Counter Terrorism Financing (“CTF”), including the prevention, suppression and disruption of proliferation of weapons of mass destruction and its financing.

This Policy seeks to:

- Prevent all Group Legal Entities from being misused for Money Laundering (“ML”) and Terrorism Financing (“TF”) purposes, by establishing a robust global framework with common group-wide standards (Group AML/CTF Standards or Group Standards), including the prevention from being misused for the financing of the proliferation of weapons of mass destruction;
- Protect the Group and its Employees against any corporate or personal liability arising under AML/CTF laws and regulations;
- Protect the reputation and brand of Generali Group by minimizing ML and TF risks.

This Policy provides the Group Legal Entities with minimum Group AML/CTF Standards.

All Employees and Third Parties Acting on Behalf of the Group are required to adhere to these Group Standards to protect Generali Group and its reputation. The requirements and the spirit of this policy must always be met.

There will be serious consequences for the individuals who attempt or actually breach the external and internal provisions related to AML/CTF depending on the severity of the breach and the local applicable labor agreement, ranging from a consequence management action (e.g., disciplinary letter, change of role) and withdrawal of variable compensation rights to termination of the employment contract.

The Group encourages anyone to report concerns on practices or actions they consider to be factually or potentially in breach of AML/CTF laws, the Generali Group Code of Conduct, and the other internal regulations. Reports can be made personally or anonymously, in writing or orally, and are treated with strict confidentiality according to the law and the provisions of the relevant internal regulations. Retaliations against the reporting persons, facilitators and third persons, including legal entities, who are connected with the reporting persons and who could suffer retaliation in a work-related context are not tolerated.

2.2 APPROVAL AND REVIEW

The Policy was approved by the Board of Directors of Generali Central Insurance Co. Ltd., upon proposal of the Local AFC Officer.

It shall be promptly reviewed, and in any case at least every three years, to include developments in legislation, market and/or best practices, Group strategy and organization.

The Local AFC Officer is delegated by the BoD of Generali Central Insurance Co. Ltd. to approve Minor Changes¹.

The Group AFC Officer is delegated to provide the Group with common Group AML/CTF Standards and detailed guidance in order to support an effective implementation of this Policy informing the Board of Directors on the initiatives taken.

2.3 EFFECTIVE DATE AND IMPLEMENTATION DEADLINE

The Policy is effective since 14th May 2025 and shall be immediately implemented with the only exception of the requirements related the appointment of the Board member responsible for AML/CTF compliance defined in the paragraph 3.3 of this Group Policy (requirements not applicable for non-life insurance GLEs).

2.4 SCOPE OF APPLICATION

The minimum standards set out in this Policy cover specific AML requirements (generally not relevant for non-life insurance business, unless differently specified by local regulations), specific CTF requirements and common AML & CTF requirements.

Generali Central Insurance Co. Ltd. (which operates non-life insurance business) only requires to implement the CTF Requirements listed in Annex 1.

The Group Policy applies to:

- Assicurazioni Generali S.p.A. including its Branches;

- Controlled Regulated Legal Entities and Controlled Not Regulated Operative Legal Entities limited to:
 - Insurance companies and intermediaries offering life insurance products where they act with respect to life insurance and other investment-related services, with the exception of Tied-Insurance Intermediaries;
 - Insurance companies offering non-life insurance products (in respect of CTF requirements only);
 - Credit institutions and other AML relevant financial institutions (e.g., banks, investment firms, asset managers, collective investment undertakings, trust, or company service providers) in respect of both AML and CTF requirements;
 - Entities providing any other products or services that are legally obliged to fulfil AML and/or CTF requirements under EU AML/CTF Directives time to time in force;
 - Investment Funds and Vehicles limited to the collective investment undertakings marketing its units or shares (e.g., undertaking for the collective investments in transferable securities (UCITS), and Alternative Investment Funds (AIF) which are obliged entities according to Article 3(2)(d) of the EU AML/CTF Directive¹.

This Policy applies also to GIH to ensure that the applicable requirements are embedded and adopted in the GIH GLEs in the above-mentioned scope of application.

Insurance companies offering only non-life products are not subject to the requirements described in Chapter n. 5 “*Main Group AML requirements*” and in the Paragraph 3.3 “*Board member or senior manager responsible for AML/CTF*” of this Policy.

In addition, insurance companies offering only non-life products, located in countries where the local regulations consider non-life products as AML relevant, should perform a gap analysis of their procedures to verify whether the local AML requirements are properly implemented also to their non-life business lines and non-life subsidiaries (if any) in line with the applicable AML local laws. When entering negotiations for non-controlling stakes in entities to be authorized to use the Generali brand (i.e., Joint Ventures) the Local AFC Officer should be involved within the finalization of the shareholders’ agreements to evaluate the inclusion of the obligations to implement this Group Policy together with the right for the Group to perform direct AFC controls.

2.5 LOCAL REQUIREMENTS

Wherever local laws, regulations, policies or standards are stricter than the Group AML/CTF Standards set out in this Policy, the stricter standard will prevail.

Where a Third Country's law does not allow the implementation of any the principles, requirements and standards stipulated by this Policy or any conflict is identified with the principles and requirements in this Policy, those cases should be immediately substantiated and reported to the Local AFC² Officer. The Local AFC Officer³ is accountable and responsible to ensure that the conflict is properly evaluated and must promptly inform the Group Anti-Financial Crime function by writing to Group AFC function

¹ With reference to AG and AG Branches, the activities governed by this Group Internal Regulation are also relevant for the purposes of Legislative Decree 231/2001.

The breach and/or failure to comply with the Group Internal Regulation in relation to aspects relevant for the purposes of Legislative Decree 231/2001 may constitute a breach of the Organization and Management Model and/or an offence pursuant to Decree 231/2001 and therefore penalties may be imposed in accordance with the provisions of the Model itself.

Anyone who becomes aware of a breach/failure to comply relevant for the purposes of Legislative Decree 231/2001 shall promptly inform the Supervisory Body of AG.
¹ DIRECTIVE (EU) 2015/849 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC shall apply to financial institutions (Article 2(1)(2)).

The Group AFC function performs a specific risk assessment in order to evaluate the conflict and is delegated to evaluate any Additional Measure to be applied by Group Legal Entities to effectively manage the ML/ TF risks and provide them with a non-binding opinion. The Group AFC function provides the Local AFC³ function with the related feedback.

Any Additional Measure must be approved by the AMSB after the completion of the above process, based on the proposal of the Local AFC Officer and taking into account the opinion of Group AFC function. Group Legal Entities must promptly implement these Additional Measures to effectively handle the risk of money laundering or terrorist financing.

The Group AFC Officer reports any relevant deviation from this Policy and any adopted Additional Measures to the AG BoD.

Additionally, the Group Chief Financial Crime Officer is responsible to notify to the Italian Supervisory Authority any conflict related to the adoption of the requirements set in this Group Policy due to Third Countries' laws, communicating the name of the GLE and explaining the reasons of non-compliance and the additional measure(s) taken to manage the ML/TF risk.

2.6 IMPLEMENTATION, MONITORING AND INFORMATION FLOWS

The Group Chief Anti Financial Crime Officer function is responsible for overseeing and supporting the implementation and monitoring of the Group Policy across the Group with the support of the BU/ AFC Heads, where present.

The AFC Head of GIH supervises the cascading and the implementation of the AML/CTF regulations at local level leveraging on assessment and tool and reflects any update of this Group Policy in the GIH Policy and Guidelines. Information flows must be established between the AFC BU Head of GIH and the Group AFC Function in relation to the adoption of the requirements of this Policy in the GIH GLEs.

The Local AMSB is responsible for the implementation of this Group Policy at Local level within the perimeter of responsibility and to ensure that all Employees and Third Parties acting on behalf of the Group perform the controls as a core activity within their roles and responsibilities.

The Local AFC functions are responsible for guaranteeing a due information flow on the approval and implementation status (please refer to Annex I – List of Key Implementing Requirements) of the Group Policy within the perimeter of responsibility.

Any relevant organizational unit within any GLE shall promptly inform its Key Functions of any facts and/or circumstances connected with this Group Policy which may be relevant for the performance of their duties.

3 Roles & Responsibilities

3.1 BOARD OF DIRECTORS OF ASSICURAZIONI GENERALI S.P.A.

The AG BoD, as ultimate parent company of the Generali Group, also considering the results of the Group AML/CTF Risk Assessments, adopts the strategic decisions regarding the management of ML/TF risks for the entire Group.

Additionally, the AG BoD is responsible to:

- Ensure that the GLEs perform their own business-wide ML/TF risk assessments in a coordinated way and based on a common methodology, yet reflecting their own specificities;
- Oversee that the GLEs timely implement the remediation measures defined in the context of the supervisory inspections held by the Local competent Authorities.

The BoD as ultimate parent company of the Group:

- Appoints and dismisses the Group Chief AFC Officer and a member of its AG BoD as Board member responsible for AML/CFT compliance at Group level, following the preliminary opinion of the Nominations and Corporate Governance Committee;
- implements Group Data Sharing processes for the management of the common AML relevant parties of the GLEs.

3.2 AMSB

In line with the strategic decisions of the AG BoD and the applicable Group Internal Regulations (this Group Policy, the Group Directives on the System of Governance and the Compliance Management System Group Policy), each AMSB (including the AG BoD):

- defines and at least annually reviews the local strategies on ML/TF risks in light of the results of the AML/CTF risk assessment. The local strategies should include the sharing of accurate and complete data and information within the Group for AML/CTF purposes;
- approves a Local AML/CTF Policy which embeds the pillars of the local strategy and the content of this Group Policy for the effective management of the GLE's ML/TF risks. This Policy should describe the criteria to be followed for the assessment of the knowledge of the Board member or the Senior Manager responsible for AML/CTF as well as the criteria for the identification of any potential conflict of interest, the measures to mitigate them and the criteria to assess if this subject should commit sufficient time for his/ her AML/CTF responsibilities;
- continuously ensures that the roles and responsibilities to prevent the ML/TF risks are clearly and appropriately allocated guaranteeing the distinction between Local operative and Key Functions, leveraging also on the outcomes of internal controls;
- appoints and dismisses the Board member or Senior Manager ² responsible for AML/CTF formalizing- whether this person:
 - has the knowledge, skills, and experience necessary to identify, assess and manage the ML/TF risks to which the GLE is exposed, and the implementation of AML/CFT policies, controls and procedures. In case of conflicts of interest, the AMSB shall define adequate measures to mitigate and prevent them;
 - has a good understanding of the GLE's business model and the sector in which it operates and the extent to which this business model is exposed to ML/TF risks.
- appoints the Local AFC Officer and the Local Money Laundering Reporting Officer (MLRO);
- ensure that the Board member or Senior Manager responsible for AML/CTF is timely informed on the decisions that may affect the risks to which the GLE is exposed;
- ensures the adequacy of the human and technical resources allocated to the AFC function, including the need for a dedicated AFC function;
- defines the criteria to be followed for the assessment (fit and proper) of the Local AFC Officer and of his/her substitute, re-evaluating their adequacy annually, as well as - if different - of the MLRO, in line with the applicable internal regulation;
- verifies and ensures that the Group system of governance is effective over the time with reference to the internal control system aimed at managing and controlling the ML/TF risks;
- ensures that adequate, complete, and timely information flows are established towards the corporate bodies and to the Board member responsible for the AML/CTF and between the Local AFC function and the competent authorities, the Local Key Functions and any other relevant function;
- ensures that the Board Member responsible for AML/CTF is timely informed on decisions that may affect the GLEs' exposure to AML/CTF risks;
- ensures that the Suspicious Activities Reports (SARs) are managed with the utmost confidentiality and protect employees from any retaliation for having submitted a SAR to the FIU;
- at least once a year, examines the results of AML/CTF risk assessment and the activity report of the AFC Officer, including the details on any internal and/or external controls that may have been carried out and approves the annual activity plan. Interim updates should be provided more frequently for activities that expose the GLEs to higher ML/TF risks;
- is timely informed about the weaknesses and issues identified by the control activities to issue directives for their resolution, evaluating that they are effectively managed over time;

² Where no AMSB is in place.

- establishes the Local AFC function defining its responsibilities according to Group Standards and the applicable Group internal regulations; where AML/CTF activities are outsourced, ensures compliance with the outsourcing arrangements, where applicable, and receives regular reporting about the activities performed by the service provider and the oversight performed by the AFC function to ensure the compliance with internal and external Group AML/CTF requirements.

To define and oversee the AML/CTF strategy of the GLE, the AMSB should collectively possess adequate knowledge, skills and experience to be able to understand the ML/TF risks, the activities and the business model of the GLE, including the knowledge of the national legal and regulatory framework relating to the prevention of ML/TF.

For details on the process to be followed please refer to the Fit and Proper AG and Group Policy.

The Group CEO (only for AG), Local CEOs or the Senior Management delegated for and acting in their role of day-to-day management of the GLE are responsible for:

- overseeing the implementation of the strategic decisions and the Policy adopted by the AMSB on ML/TF risks, at the same time as well as the Group Standards and Group internal regulations;
- defining with the support of the AFC function in a dedicated document the requirements on the ML/TF presidia, organizational arrangements, customer due diligence and record-keeping obligations in line with the AMSB's resolutions and strategies, and the outcomes of the risk assessment process. This document must be shared with the GLEs' personnel;
- adopting the measures to ensure the implementation of the ML/TF requirements, delegating the senior management who will be responsible to adopt the ML/TF standards and/ or actions as well as related monitoring; the reasons behind any refusal of the proposals for organizational and procedural implementation submitted by the AML Officer should be formalized;
- ensuring that procedures are defined concerning the AML/CTF standards, including the identification of the suspicious transactions and record-keeping requirements;
- defining the enhanced measures, including the related escalation procedures, to apply in case of higher risk relationships or transactions according to the ML and TF strategies defined by the AMSB;
- defining the procedures to ensure the prompt reporting to the Local Authorities;
- approving the ML/TF training program to facilitate the awareness of the personnel on the ML/TF risks and factors;
- ensuring the sharing for AML/CTF purposes of complete and accurate data and information with the Group and the implementation of the Group Data Sharing processes and procedures to manage common Group Relevant AML Parties in accordance with Group Standards; and
- adopting initiatives aimed at verifying that all relevant personnel and the distributors are able to identify anomalies in the behaviors or in the communication flows in the relations with customers.

The Senior Management³ is responsible to approve the higher-risk Business Relationships and Transactions, collecting the Local AFC function's opinion, as required by the AML/CTF Customer Due Diligence Group Guidelines.

3.3 BOARD MEMBER OR SENIOR MANAGER RESPONSIBLE FOR AML/CTF (not applicable to GCI)

A member of the AMSB should be appointed as Board Member responsible for AML/CTF compliance (hereinafter AML Board member) at Group level and in all GLEs (with the exception of non-life insurance GLEs) to ensure that the AMSB (and the AG BoD for the Group) is duly informed on the impact of ML/TF risks of their businesses, without prejudice to the roles and responsibilities of the AMSB.

The Board Member responsible for the AML/CTF compliance should have an executive role and should have adequate time and resources to perform his/her task, as well as knowledge, skills and experience regarding ML risks, AML policies, controls, and procedures as the business model of the Group.

On the basis of the nature, scope and complexity of the GLE, the Board Member responsible for AML/CTF could be supported by the AFC Officer and the AFC Function for the management of his/ her responsibilities.

To this aim, adequate reporting flows should be established between the Board member responsible for AML/CTF and the AFC Officer, while the reporting to the AMSB on AML/CTF issues or breaches could be executed either directly by the AFC Officer or by the Board member, supported by the AFC Officer, depending on the severity and the implications of the topic (e.g., the AFC Officer could report the issues directly managed by the AFC Function to provide all the relevant details, while the Board member might directly notify the AMSB on the outcome of the inspections, providing the related progresses and/or recommendations).

The information flows between the AML Board member and the AFC Officer may consist for example in alignments to share and discuss the status of the AFC program and any related aspect which might worth the attention and endorsement of the AMSB (e.g., delays in completing the remedial actions, difficulties in establishing the segregation of duties on AML/CTF activities). Additionally, the AML Board member could decide to attend meeting of the local Committees where AFC matters are discussed.

The duties of the Board Member responsible for the AML/CTF are the following:

- monitor that the AML/CTF internal regulations, controls, and measures are adequate and proportionate to the characteristics of GLE and the ML/TF risks to which it is exposed;
- assist the Local AMSB (AG BoD at Group level) in the assessments related to the organizational structure, the resources of the Local AFC function;
- ensure that there is periodical reporting to the Local AMSB on the activities carried out by the AFC Officer Function, the information and data on ML/TF risks, the communications with the local FIU - without prejudice to the confidentiality of Suspicious

⁴ The approval could be provided by the members of the AMSB or by Senior Officers (who report directly to the members of the AMSB) with sufficient knowledge and seniority to take decisions affecting its risk exposure. The Senior Officers should be formally delegated by the AMSB.

⁵ Where no AMSB is in place, a Senior Manager with sufficient time, resources and authority to perform his/her duties effectively must be alternatively appointed.

⁶ The member of the AMSB responsible for AML/CTF compliance must be appointed and assessed following the provisions of the Fit & Proper AG and Group Policy and Local requirements (as the case may be).

Transaction Reports -, and any ML/TF-related finding of the competent authority against the GLE including the measures, the penalties imposed and the progresses of the remediation actions, where present;

- inform the AMSB of any serious or significant AML/CFT issues and breaches and recommending actions to remedy them;
- ensure that the AML/CFT concerns of the AFC Officer are duly addressed and, where this is not possible, are duly considered by AMSB, where needed.
- verify that the AFC Officer:
 - has direct access to all the information necessary to perform his/her tasks;
 - has sufficient human and technical resources and tools to be able to adequately perform the tasks assigned to the AFC Function;
 - is well informed of the AML/CFT related shortcomings identified by the other key functions and by the Supervisory Authorities; and
 - has direct access to the AMSB in order to raise concerns and warn the Senior Management, if needed, where specific risk affect or may affect the entity.

3.3.1 Key criteria for the appointment of the Board member or Senior Manager responsible for the AML/CTF Compliance

The Board member or Senior Manager responsible for the AML/CTF compliance must be appointed and assessed following the provisions of the Fit & Proper AG and Group Policy and according to local laws (as the case may be); the appointment must be notified or approved by the Local Authorities, if required.

In particular, the AMSB is responsible to assess that all criteria listed in paragraphs 3.2 and 3.3. of this Group Policy are met. The following table includes additional minimum requirements which should be considered:

Minimum requirement	Description
The Board member or Senior Manager responsible for AML/CTF compliance should have sufficient knowledge, skills and experience regarding ML/TF risks and the implementation of AML/CFT policies, controls and procedures	The Board member or Senior Manager responsible for AML/CTF compliance should have⁴ at least: • the necessary qualifications, competency, skills, and professional experience to perform the role; • good understanding of the GLE's business model and the sector in which the GLE operates based on previous proven experiences; • awareness on the ML/TF risks and regulatory requirements and consequences of non-compliant behaviors or practices (e.g., previous experience at Senior level in overseeing Compliance and AML/CTF program in large organizations). To ensure the proper knowledge of AML/CTF policies, controls and procedures, the Board member responsible for AML/CTF should attend an AML/CTF induction training which should have a dedicated focus on the regulatory developments, AML/CTF roles and responsibilities, risks, presidia and consequences of non-complaint behaviors
The Board member or Senior Manager responsible for the AML/CTF Compliance should commit sufficient time to perform his/her AML/CFT duties effectively	The Board member or Senior Manager responsible for the AML/CTF compliance should at least have sufficient time to perform the following main activities: • Preliminary receive once a year the activity report prepared by the AFC Officer before being submitted to the AMSB; • Inform, where necessary and without undue delay, the AMSB about any serious or significant AML/CFT issues and breaches and recommending actions to remedy them, supported by the AML Officer; • Ensure that any concern raised by the AFC Officer are addressed and duly considered by the AMSB; • Held alignments, when needed, with the AFC Officer on the status of the AML/CTF program, risks and activities and support the AFC Officer and the AFC Function in addressing their recommendations or the concerns.
Potential conflicts of interest have to be assessed before proceeding with the appointment of the Senior Manager responsible for AML/CTF compliance	The Board member or Senior Manager responsible for AML/CTF compliance should not be involved in the approval process or maintenance of any higher-risk relationship or transaction exposed to ML/TF risks. To mitigate any potential conflict of interest, a Board member or a Senior Officer having the adequate knowledge, seniority and skills has to be delegated by the AMSB to provide the approval of the above-mentioned relationships or transactions.

⁷ Criteria defined by the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014, Art. 258 and Art. 273 and the EBA Guidelines on the role of the AML/CTF Compliance Officer.
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3.4 GROUP CHIEF AFC OFFICER FUNCTION, GROUP CHIEF AFC OFFICER

At Group level, a member of the AG BoD is appointed as Board member responsible for AML/CTF compliance while a Group Chief Anti Financial Crime Officer is appointed by the AG BoD to steer, coordinate and guide the Local AFC Officers within the implementation of this Group Policy and the group-wide standards defined in the related Guidelines for the prevention of ML/TF risks in the Group.

The Group Chief Anti Financial Crime Officer assumes the role of Anti-Money Laundering Officer and MLRO for Assicurazioni Generali S.p.A. and for the Group and he/she guides the Group Chief AFC Officer function, which is established in the form of an independent organizational function.

The Group Chief Anti Financial Crime Officer directly reports to the Group/AG BoD and has a functional reporting line to the Group Chief Compliance Officer, only to ensure the coordination of the shared resources, if any.

The Group Chief Anti Financial Crime Officer has direct access to the Group CEO on the matter under his/her responsibility.

A deputy of the Group Chief AFC Officer must be identified and appointed by the AG BoD to temporarily substitute the Group Chief AFC Officer in case of absence or doubts on his/ her integrity.

In relation to ML/TF risks, the Group Chief Anti Financial Crime Officer is responsible to:

- identify the applicable AML/CTF laws and regulations for the Group;
- coordinate the AML/CTF risk assessments of the GLEs and consolidate the related results to determine the Group-wide ML/TF risk exposure, which takes into consideration: (i) the risks of the GLEs and their possible interrelations, which could have a significant impact on the Group risk exposure, (ii) the risks to which GLEs, and branches established in Third Countries are exposed to, and (iii) the level of adoption of harmonized Enhanced Due Diligence (EDD) measures on shared Group customers based on the alerts handled following to the sharing of the Group Consolidate List and the central controls executed by the Group Chief AFC Function;
- define and update the group-wide AML/CTF standards of this AML/CTF Group Policy, ensuring the related submission to the AG BoD for approval;
- ensures that the policies and procedures of the GLEs are aligned with the group-wide AML/CTF standards and compliant with applicable AML/CTF regulatory requirements;
- monitor the adequacy of group-wide implemented AML/CTF programs, also via direct oversight on GLEs. On this regard, in line with regulatory requirements⁵, AFC Quality Assurance Controls were designed and implemented by the Group Chief AFC Officer function to verify the correct implementation of Group AML/CTF standards across the Group and issue corrective measures, if needed. Such direct controls are yearly carried out by the Group AFC Officer function on a sample of GLEs defined according to a risk-based approach and with the active collaboration of their Local AFC functions. Finally, the outcomes stemming from said controls are then embedded in the GLEs' AML/CTF risk assessments and shared with both AG BoD and Group Audit for cooperation among control functions purposes⁶;
- in line with the principles of the Risk Appetite Framework Group Policy and the strategies defined by the AG BoD, define a Group risk-based approach and related AML/CTF standards, ensuring the related adoption by the GLEs leveraging on the monitoring and coordination activities of the BU AFC Heads – where present -, and evaluating, if needed, the Additional Measures proposed by GLEs which cannot implement the Group requirements in case of conflicts due to local law requirements;
- coordinate the activities of the Local AFC Officers of the Group, including those established in third high risk countries, to ensure that they work consistently;
- propose to appoint a BU AFC Head;
- define group-wide requirements for the sharing of information within the Group for the purposes of AML/CFT, in accordance with the national legal provisions;
- ensure that all relevant GLEs adopt the Group Suspicious Activity Reporting (SAR) tool and the information is shared properly, including the information that a suspicious transaction report has been filed;
- ensure the establishment of the Group Data Sharing aimed at ensuring that harmonized due diligence measures are consistently adopted on shared customers;
- define, in coordination with the other Group functions, the AML/CTF training program for AG and the Group and provide targeted training to relevant staff members in GLEs on group-wide standards and ML and TF risk indicators;
- provide the AG BoD and the Group Risk and Control Committee, with a consolidated report twice per year on the activities performed by the Group Function, ML/TF risk exposure of the overall Group and the GLEs;
- provide Group and Local Senior Management with recommendations and opinions on all relevant remediation actions before they are submitted, if needed, to the relevant Management or Corporate Bodies. This reporting could be executed through the involvement of the Board Member or Senior Manager responsible for AML/CTF compliance at Group level or directly by the Group Chief AFC Officer, when needed;
- provide non-binding opinion to Group and Local Senior Management on higher-risk Business Relationship and Transactions with potential reputational risk for the Group, as required by the Group Standards on Customer Due Diligence (CDD);

⁵ Refer mainly to:

- Fourth Anti-Money Laundering Directive (EU) No. 2015/849 (4AMLD) (ch. IV, sec. 1, art. 45);
- IVASS Regulations 44/2019 (sec. 4, art. 22-24).

⁶ In line with the Audit Group Policy

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- define the methodology for the evaluation of GLEs in relation to their exposure to the nature, scale, and complexity of the intrinsic risk in accordance with the following criteria:
 - GLEs are classified in two classes:
 1. Entities which are exposed to a lower nature, scale, and complexity of the intrinsic risk (c.d. Non-Complex GLEs);
 2. Entities which are exposed to a higher nature, scale, and complexity of the intrinsic risk (c.d. Complex GLEs);
 - This classification has the goal to identify the minimum standards in setting the organization of GLEs exposed to AML/CTF risks in accordance with the provisions of this Group Policy.
 - The classification must consider each of the three dimensions of the intrinsic risk (nature, scale, complexity) and the overall objective to ensure the effectiveness and the quality of the local control framework also in case of Non-Complex GLEs.
 - Quantitative and objective factors, based on regulatory provisions or Group dimensions - being relevant for the activities to be performed by the GLEs exposed to AML/CTF risks - must be associated with each dimension to determine its relevance;
 - The outsourcing of activities must be considered.
- communicate to the relevant GLEs their exposure to the ML/ TF risks.

The Group Chief AFC Officer has access to all SAR sent to the FIUs by the GLEs and provides operative instructions to ensure the coordination and alignments of the reporting process within the Group.

The Group Chief AFC Officer and its deputy must be appointed and assessed following the provisions of the AG Fit & Proper Policy. In particular, they must have the reputation, honesty, and integrity necessary to perform their functions, appropriate AML/CFT skills and expertise, sufficient knowledge and understanding of the ML/TF risks associated with the business model of AG and the GLEs and experience within the identification, assessment, and management of the ML/TF risks. In addition, the Group Chief AFC Officer and its deputy should have sufficient time and seniority to perform their functions effectively, independently, and autonomously. The Group Chief AFC Officer function is promptly informed by the Group Senior Management, GLEs and GHO functions in relation to any relevant fact related to ML/TF matters and must have direct access to any information and systems may be needed to prevent and/or manage ML/TF risks in the Group.

3.4.1 Information flows between GIH and the Group AFC Function

The Group Chief AFC Officer Function should provide a binding opinion to GIH on the following matters:

- The Risk Appetite Framework that sets the limit of the amount of risk, at a broad level, that the AM defines in pursuit of its strategic objectives and in alignment with the requirements of the Risk Appetite Framework Group Policy;
- The Asset Management Policies and Guidelines that sets out the framework applicable to the Asset Management Business Area GIH entities and establishes standards to manage the AFC risks;
- Any deviation from the Group AFC requirements of this Policy and the Group Guidelines and the additional measures to mitigate the ML/TF risks;
- The ML/TF Plan of GIH which sets the objectives to be achieved based on the ML/TF risk assessment results of the GIH entities and the Group AFC strategy and priorities.

GIH should cooperate with the Group AFC Function, providing the outcomes of the risk assessment and the second level of controls of GIH and of the Group Legal Entities controlled by GIH (GIH LEs) in its perimeter, on the basis of a defined information flow between the parties, and share without delay with the Group Chief AFC Officer Function any relevant aspect or potential criticalities related to GIH LEs.

3.5 BU AFC Head

A Group organizational and operational coordination structure is established to ensure a sufficient decision-making power for the management and the mitigation of the ML/TF risks in the GLEs. To this aim, the BU AFC Heads are established to supervise, monitor, control, and coordinate the activities of the Local AFC Officers of their perimeter, to foster the timely and correct adoption of the group-wide standards and methodologies in each single GLE and to detect possible misalignments, defining proactively corrective actions anytime needed.

The BU / AFC Head has a direct reporting line over the AFC Officers of their perimeter (even if the compliance and AFC role coincides). These solid reporting line models consist of the BU / AFC Head involvement within the HR processes with respect to and in line with local HR processes, local internal regulations and regulatory requirements, with particular reference to:

- Hiring, appointment and termination: provide opinion on the hiring, appointment and termination of the AFC Officers of their perimeter;
- Goal setting and performance: cascade – the goal setting to the AFC Officers of the perimeter and provide opinion on the related performance based on the oversight and day-by-day coordination activities performed;
- Remuneration: hiring package, base salary review and short-term incentives (base line and payout) of Local AFC Officer are resolved by the Local AMSB, upon written proposal of the BU AFC Officer. The remuneration shall be in line with remuneration policy of the employing Group Legal Entity, defined consistently with the relevant Group Policy, and shall account for local market specificities, and must comply with the provisions related to the Key Functions provided by the Group Remuneration Internal Policy; and

- Head count planning: budget and personnel assigned to the Local AFC Officer are resolved by the Local AMSB, upon written proposal of the BU AFC Officer.

If the AFC Officer is also appointed as Compliance Officer, a cooperation between the BU / AFC Head and the compliance Officer should be ensured.

The BU AFC Head should notify the Group Anti-Financial Crime Function about the HR processes (i.e., hiring, firing, budget and head count planning), involving the Local AFC Officers of her/ his perimeter.

The BU AFC Heads have a solid reporting line to the Group Chief Anti Financial Crime Officer⁷ which is involved in all HR-related processes (hiring, appointment and termination, goal setting and performance, remuneration, head count planning) of the BU AFC Heads.

3.5.1 Roles of the AFC BU Heads

- Evaluate GLEs' dispensation/calibration requests in case of deviations from Group requirements and provide an initial opinion before involving the Group AFC Function for its final approval, in order to stimulate as much as possible, the harmonization of Group methodologies and requirements in all entities in scope;
- Require to the GLEs in perimeter to provide detailed and comprehensive information on the adoption and implementation of local regulatory requirements and receive documented controls and/or reporting;
- Control the adoption and implementation of Group standards and methodologies in their perimeter of responsibility and provide reporting accordingly to local Senior Management, AMSB (where established) and to the Group AFC Function;
- Advise GLEs within the interpretation of new issued Group requirements and in providing guidance for the management of specific AML/CTF topics/ issues;
- Check on a sample basis and on a risk-based approach, the data submitted to the Group Chief AFC Officer Function for the assessment of AML/ CTF Group internal regulations' implementations status;
- Deliver training initiatives customized based on the needs and the relevant aspects for the GLEs in their perimeter;
- Monitor the execution of the AML/CTF Risk Assessment and second level controls at Local level; verifying that the results and the methodology applied are aligned with the Group requirements (e.g., definition of structural actions, correct updating of data), promptly communicating any issue to the Group Chief AFC Officer Function;
- Support the Group Chief AFC Officer Function in cascading yearly the Group plan, acknowledging, and evaluating any potential Local deviation to the Group initiatives;
- Oversee the progress of the Local AFC plan and remedial actions, providing periodic reporting to the Group Chief AFC Officer Function and communicating any relevant aspect;
- Support the Group Chief AFC Officer function within the reporting of key AFC data (completion of local AFC survey) which will be consolidated to provide the Group exposure to AFC risks and activities performed across the Group. These data are provided through established information flows;
- Provide the Group Chief AFC Officer Function and their Senior Management, where applicable, and relevant committees, at least once per year with a summary about the risks concerning the BU, as well as the remedial actions defined to mitigate them;
- Monitor Group AFC projects (e.g. implementation of Group AFC IT tools) to support the implementation of Group requirements;
- Provide the Group Chief AFC Officer Function with an update on the progress of external inspections and ensure prompt communication of any relevant AML/ CTF related issue to the Group AFC Function; and
- Review the AFC Due Diligence Report prepared by the Local AFC Officer in relation to the Local M&A transactions, as defined in the relevant Group Internal Regulation;

3.5.2 GIH AFC Head ¹¹

The GIH Chief AFC Officer is in charge of supervise, monitor and coordinate the activities of the local AFC Officers of its perimeter, ensures the adoption of the Group ML/TF risk-based approach of GIH requirements and methodologies in each single GIH LEs, oversees the risks' dynamics and monitoring any local remedial actions accordingly.

The GIH Chief AFC Officer has a managerial reporting line to the Group Chief AFC Officer to ensure day-to-day alignment and a substantial reporting line to the GIH Board of Directors. The performance evaluation targets for the GIH Chief AFC Officer are proposed by the Group Chief AFC Officer (e.g., AFC risk monitoring and mitigation) to the GIH Risk and Control Committee, which assesses the

¹⁰ The Group Chief AFC Officer could delegate the management, coordination and steering duties of BUs and / or Countries to Group Chief AFC Officer Function Senior Manager/s. Where a BU AFC Head is present, the AFC Head of a Country or Region of his/ her perimeter has a solid reporting line to the respective AFC BU Head.

The AFC Heads of Generali Investments Holding and Banca Generali Group are considered as AFC BUs Heads for the scope of this Group Policy. The reporting lines and the additional duties of the AFC Chief AFC Officer of GIH are described in detail in the paragraph 3.5.1.

¹¹ In the case of Generali Investments Holding, GIH AFC Head coincides with GIH Chief AFC Officer.

targets and the performance evaluation (considering GIH CEO and Group Chief AFC Officer contribution). GIH Board of Directors formalizes and approves the targets and the performance evaluation.

The hiring, appointment, termination and remuneration drivers of GIH Chief AFC Officer are proposed by the GIH CEO, supported by GIH HR, to the GIH Risk and Control Committee. The GIH Risk and Control Committee take into consideration the opinion of the Group Chief AFC Officer.

GIH Risk and Control Committee examine, advise and submit the proposal to GIH BoD that approve and formalize the decision.

The roles and responsibilities of paragraph 3.5.1 apply to the GIH AFC Head, who in addition is also responsible to customize the methodologies and policies to fit with Asset Management BU peculiarities (i.e. reg. requirements and business model) and to submit them to Chief Group Anti Financial Crime Officer for approval.

3.6 LOCAL ANTI-FINANCIAL CRIME (AFC) FUNCTION

The establishment of an AFC Function is required for all the entities in scope of this Group Policy (with the exception of the GLEs subject to CTF requirements only, unless the AFC Function is explicitly prescribed as per the local laws).

According to the Group AFC organizational model, the Local AFC function is headed by the Local AFC Officer.

The "Complex" GLEs must establish the Local AFC function in the form of an independent organizational function and must appoint a dedicated AFC Officer, other than the Local Chief Compliance Officer. The Local Compliance function and the Local AFC function may share resources and activities provided that relevant resources and activities are identified or identifiable, and independence between the two functions must always be ensured through the presence of appropriate safeguards that guarantee the separation of tasks and prevent conflicts of interest.

In the "Non-Complex" GLEs which are exposed to a lower nature, scale and complexity of the ML/TF intrinsic risk, the AFC duties may be embedded into a unique local Function (i.e., Local Compliance and AFC function) and the Local Chief Compliance Officer is also appointed Local AFC Officer.

The eventual proposal to appoint a Local AFC Officer different from the Local Chief Compliance Officer in a GLE exposed to lower nature, scale, and complexity of ML/TF risk must be agreed with the BU AFC Head, if present, and with the Group Chief Anti Financial Crime Officer function and Group Compliance Function; in these cases, the Local AFC Officer directly reports to the AMSB, to the BU AFC Head, when present, or to the Group Chief Anti Financial Crime Officer while a dotted reporting line must be in place to the Local Chief Compliance Officer for the management of shared resources, if any.

The Local AFC Officer has direct access to the Local CEO on the matter under his/her responsibility.

In case the Local CEO is formally appointed as Local AFC Officer, the solid reporting line is established between the most senior team member of the Local AFC function or Local Compliance/AFC function and the BU AFC Head, where present, or the Group Chief Anti Financial Crime Officer.

A deputy of the AFC Officer should be identified and appointed by the AMSB to substitute the Local AFC Officer in case of absence or doubts on his/ her integrity.

The local organizational chart and the local internal regulation must reflect the AFC governance principles, including the solid and dotted reporting lines foreseen as per this Group Policy.

The Local AFC function (including the Group AFC function, as AG AFC function) acts according to the applicable Local regulations and must perform at least the following activities with respect to the management and mitigation of AML/CTF risks:

- identify the AML/CTF applicable rules and evaluates their impact on the internal processes and procedures;
- support the AMSB or the senior management defining and keeping updated on an ongoing basis the Local internal regulations for the management of the ML/TF risks. The internal regulations and procedures should be commensurate with the ML/TF risks of the GLE and have to include at least: (i) the ML/TF risk assessment methodology; (ii) the customer due diligence and a customer acceptance process; (iii) the detection and investigation of any potential suspicious activity report and related filing to the FIU; (iv) record keeping requirements;
- develop and maintain the AML/CTF risk assessment (Group and local, where present, risk assessments). The results of the AML/CTF risk assessment should be reported to the AMSB together with the potential actions aimed at mitigating the risks detected within the exercise, including the related mitigation actions, considering all the lacks or risks previous identified and any other new one;
- assess the ML/TF risks linked to the launch of a new product or service or significant changes to existing ones, the development of a new market or activities;
- submit to the Corporate Bodies – directly or through the Board member or Senior Manager responsible for AML/CTF compliance - at least an annual and an interim (especially in case of significant ML/TF risks) AML/CTF activity report⁸, as well as the AML/CTF

¹² The content of the annual report has to be aligned with the requirements of the Anti-Financial Crime Reporting Standards Group Technical Measure.

¹³ The validation of the local annual plans is aimed at verifying the consistency with the Group AFC Function's annual plan in terms of activities or initiatives defined centrally based on the Group ML/TF strategy only. The adequacy of the Local activities included in the local annual plan represents a responsibility of the Local AFC Officer.

¹⁴ For additional details please refer to the Compliance Training Group Guideline.
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plan; the AML/CTF plans must be validated⁹ by the BU AFC Head, where present, or by the Group Chief AFC Officer function before they are submitted to the local AMSB/AMSB for approval;

- the Local AFC Function should notify the BU AFC Head, where present, or the Group Chief AFC Officer function about any criticality (e.g., delayed implementation of regulatory findings, not appropriate staff, issues identified in the local IT AFC systems) included in the AML/CTF annual report before the submission of the report to the AMSB;
- cooperate with the Local Senior Management in setting the standards of the internal control framework, the procedures aimed at managing the ML/TF risks and assess any impact of the regulatory developments on the GLE's activities and compliance framework;
- verify that the internal control system is adequate at all times to mitigate the ML/TF risks, including the evaluation of IT tools (e.g., the customer due diligence, suspicious activities reporting, screening and record keeping tools), also leveraging on the Local IT functions and/or external experts, and the execution of the second level of controls aimed at testing the effective application of AML/CTF controls applied by business lines and internal units (first line of defense);
- support the investigation of the alerts and notifications generated through the sharing of the Group Consolidated List;
- perform testing controls, when necessary, in coordination with the Local internal audit function, in order to identify potential issues and critical areas;
- inform without delay the Board member or Senior Manager responsible for AML/CTF compliance or directly the AMSB about violations or significant weaknesses, including those detected by internal or external auditors; and then notify the BU AFC Head, where present, or Group Chief AFC Officer function;
- provide advice and assistance on ML/TF risks to the personnel of the various Functions of the GLE and to the Senior Management, involving the Board member or Senior Manager responsible for AML/CTF compliance when needed;
- assess the ML/TF risks associated to any potential M&A transactions and promptly notify the BU/AFC Head, where present, or the Group Chief AFC Officer function with the related outcome as defined in the relevant Group internal regulation;
- provide the Local Senior Management, in alignment with the BU AFC Head, where present, or the Group Chief AFC Officer, with recommendations and opinions on all relevant remediation actions;
- provide the BU AFC Head, where present, and the Group Chief AFC Officer function with an English translation of all relevant authorities reports promptly as soon as they are available;
- provide information flows toward the Local Corporate Bodies and the Local Senior Management, in alignment with the Board member or Senior Manager responsible for AML/CTF compliance;
- oversee the preparation and the implementation of the ongoing AML/CTF training plan based on the outcome of the training needs analysis¹⁰ and define the criteria to be followed for the assessment of the effectiveness of the trainings;
- support the definition of the content of the internal regulations that identify the key elements of the organizational set up, the procedures and the internal controls, the record keeping and the customer due diligence;
- ensure a correct application of the enhanced customer due diligence measures providing opinions on the higher-risk Business Relationship and Transactions as required by the Group Standards on Customer Due Diligence;
- verify the implementation of the formalized and documented escalation processes for the assessment of the higher-risk cases ensuring the involvement of the Group Chief AFC Officer function as required by the Group standards on Customer Due Diligence;
- promptly align the Board member or Senior Manager responsible for AML/CTF compliance about any evaluation on significant organizational and procedural measure to mitigate to ML/TF risk and then notify the BU/AFC Head, where present, or Group Chief AFC Officer function;
- ensure to operate on an ongoing basis as part of the GLE's overall business continuity management;
- check whether the distributions agreements include the necessary AML/CTF risk-based mitigations measures and in particular provisions to ensure the information sharing on common business relationship regarding any relevant risk element which could require the adoption of enhanced due diligence measures such as the suspicious activity reporting to the FIU or AML/CTF relevant request for information issued by the Local Authority;
- fulfill the reporting duties towards the Group Chief AFC Officer function in accordance with the Group standards;
- ensure that the procedure for the reporting of the breaches or attempts to circumvent or facilitate the violation of AML/CTF obligations is made available to the local personnel; and
- collaborate and supports the Local Authorities or FIUs in case of requests or inspections.

¹⁵ The involvement of the AFC BU Head is foreseen, where present.

3.7 LOCAL AFC OFFICER AND LOCAL MONEY LAUNDERING REPORTING OFFICER

Within the organizational governance of the Local AFC function described in par. 3.5, and with respect and in line to Local HR processes, Local internal regulations and regulatory requirements, the solid line reporting model is declined as follows:

With respect to and in line with to local HR processes, local internal regulations and regulatory requirements, the AMSB, with the support of relevant HR Function, upon a written proposal of the BU AFC Head, where present, or of the Group Chief Anti Financial Crime Officer¹⁵

- Sourcing: hiring, appointment and termination of the Local AFC Officer;
- Performance evaluation: goal setting and goal appraisal of the Local AFC Officer;
- Remuneration: hiring package, base salary review and short-term incentives (base line and payout) of the Local AFC Officer. The remuneration schemes shall be in line with remuneration policy of the employing Group Legal Entity, defined consistently with the relevant Group Policy, shall account for local market specificities and must comply with the provisions related to the Key Functions provided by the Group Remuneration Internal Policy;
- Head count planning: personnel assigned to the Local AFC Officer.

With respect to and in line with local internal regulations and regulatory requirements, the budget assigned to the Local AFC Officer are resolved by the AMSB, where present, upon written proposal of the Group/BU Group Chief AFC Officer.

The BU AFC Head, where present, or the Group Chief Anti Financial Crime Officer shall act in agreement with the Local CEO and, where the Local AFC Officer is also the Local Compliance Officer, with BU or Group Chief Compliance Officer, for all the above proposals.

The local AFC Officer should report directly to the AMSB in specific circumstances including at least the sharing of the outcomes of the AFC risk assessment and the related measures to be addressed to further mitigate the AML/CTF risks, and the violations or relevant weaknesses of the local AFC control framework.

The Board member or Senior Manager responsible for the AML/CTF Compliance responsible for AML/CTF compliance might decide to directly notify the local Senior Management on AFC matters based on the severity and the relevance of the topics (e.g., communication of a fine and an impactful remediation program to be activated locally, delays in the adoption of external rules which might have severe consequences on the GLE).

The AMSB must appoint the Local Money Laundering Reporting Officer (MLRO), responsible for reporting suspicious transactions or activities to the relevant local authorities (i.e., national Financial Intelligence Unit). The responsibilities of the MLRO include the following:

- make sure that other members of staff involved in the identification and investigation of potential Suspicious Activity Reports (SAR) have the skills, knowledge, and suitability. Due consideration should be given to the sensitivity and confidentiality of information that may be disclosed and the non-disclosure obligations the GLE must adhere to;
- ensure that the information is submitted ensuring compliance with the guidelines issued by the national FIU. If there are reasonable grounds to suspect ML/TF, the suspicious activity reports have to be promptly submitted to the Local FIU, describing facts, events and providing documentation which could substantiate the suspicion or instances of reasonable grounds to suspect ML/TF;
- understand the algorithms and the set-up of the transaction monitoring system, including scenarios covered according to the ML/TF risks posed to the GLE and internal procedures to handle alerts;
- receive reports on person or transaction which may have been, is or may be connected with ML/TF and ensure that these reports are investigated promptly, and in line with local requirements, so as to determine whether there is knowledge or suspicion that funds are proceeds of criminal activity (including ML/TF) and ensure that adequate records are stored in relation to all controls executed and the related outcome;
- determine, document, and implement a prioritization process for the investigation of higher-risk situations with the necessary urgency;
- ensure a prompt and exhaustive response to any request for information made by the FIU;
- ensure that all the analysis performed on potential SARs (including the archived ones) are stored and readily available in case of internal or external inspections;
- execute controls – in cooperation with the AFC and Audit Function – on the analysis performed by the first line of defense on the transactions executed by the customers and their coherence with respect to the nature, scope and the business profile/activity of the customers;
- regularly consider the reasons why alerts of unusual activity or transactions were not escalated as internal reports so as to determine whether there are issues that need to be addressed to ensure effective detection of suspicious activity or transactions; and
- ensure that the reporting procedure is confidential, and the identity of the persons involved in the preparation and forwarding of the report is protected.

The Local AFC Officer can be appointed also as Local MLRO.

The responsibility of the AFC Function could be assigned to the Board Member responsible for AML/CTF compliance, as long as he/she

has no other mandates compromising his/her independence. This solution could be adopted – in alignment with the BU AFC Head, where present, or the Group AFC Officer Function - taking into account the nature, scale and complexity of the AML/CTF risks of the GLEs.

The Local AFC Officer, the Local MLRO and the AFC deputy must be appointed following the provisions of the Fit & Proper Group Policy and Local requirements, and the appointment must be notified or approved by Local Authorities, if required by local laws. In particular, they must have the reputation, honesty, and integrity necessary to perform his/her function, appropriate AML/CFT skills and expertise, sufficient knowledge and understanding of the ML/TF risks associated with the business model of the GLE and experience within the identification, assessment, and management of the ML/TF risks. In addition, the AFC Officer, the MLRO and the AFC deputy should have sufficient time and seniority to perform their functions effectively, independently, and autonomously. The Fit and Proper Group Policy further details the frequency of the fit and proper assessment and the process to be followed in case some requirements fail to be met by the local AFC Officer, MLRO and AFC deputy.

3.7.1 Specific requirements related to the AFC Officers of GIH

Within GIH and GIH Legal Entities is established a managerial reporting model:

- Local Head of AFC / Compliance (if the same person will cover both roles) managerially reports to local CEO and to the GIH Head of AFC to ensure a day-to-day alignment;
- Local Head of AFC / Compliance (if the same person will cover both roles) substantially reports to the local AMSB to ensure independence of the AFC function.

The managerial reporting line between the local CEO and the local Head of AFC aims at ensuring an adequate sharing of information. In particular, and in line with local Human Resources processes, the following governance rules apply:

- Hiring, appointment and termination: local Head of AFC is proposed by local CEO, supported by local HR, and nominated by local AMSB upon the opinion released by GIH Head of AFC;
- Remuneration: local Head of AFC remuneration drivers are proposed by local CEO and supported by local HR. The GIH Head of AFC should provide an opinion on local Head of AFC remuneration drivers. Remuneration drivers are then approved by local AMSB in alignment with Group remuneration principles / guidelines and consistent with Asset Management industry standards;
- Performance evaluations: GIH Head of AFC and local CEO have to contribute to the evaluation process of the local Head of AFC; the local AMSB approve and formalize the performance evaluation.

The Group Chief AFC Officer, for the GIH Head of AFC, and the GIH Head of AFC, for the local Head of AFC, must be informed in advance on the content of the above proposals in order to bring to the relevant Risk and Control Committee and AMSB their opinion in case of hiring, termination and remuneration and their contribution in case of performance evaluation.

3.8 GROUP AFC COMMITTEE

The Group AFC Committee is established. The Group AFC Committees is composed by the Group Chief Anti Financial Crime Officer, the Group Chief Anti Financial Crime Officer staff, the BU AFC Heads and Local AFC Officers of “Complex” GLEs which are exposed to a higher nature, complexity, and level of the ML/TF intrinsic risks. Other attendees may be invited depending on the topics under discussion.

These meetings have the following main goals aim is to:

- increase the knowledge of the Group standards, processes and requirements governed by Group internal regulations;
- foster the adoption of common approaches about risk assessment, due diligence, controls, reporting and training;
- steer the evolution of the Group AFC activities proposing the adoption of best practices and benchmarks in line with the global regulatory landscape and sector standard to further promote a harmonized approach towards risks;
- share common issues, including the criticalities which might be experienced for the management of the data sharing processes, and address them strategically;
- recall the main AFC priorities and the activities to be done at Local level;
- share the development of any potential Local inspection on AFC areas and any useful lessons learnt also from the market; and
- share common issues also arising from the Group Data Sharing activities.

In addition to the above Committee, the Group Chief AFC Officer function organizes periodical Group AFC Plenaries involving all the Local AFC Officers (and deputies), including those responsible for the “Non-Complex” GLEs exposed to lower nature, scale and complexity AML/TF risks and the responsible persons of non-life insurance GLEs.

The aim of the plenaries is to enforce the management and coordination role of the Group Chief AFC Officer function by sharing and discussing concretely Group expectations, standards, and controls and to discuss relevant market cases and lessons learnt.

Each Committee and Plenary are minuted.

3.9 COOPERATION AMONG KEY FUNCTIONS

The Group/Local AFC Function cooperates with the Group/Local Key Functions to promote and support the establishment of a robust internal control system.

The collaboration between the Group/Local AFC and Group/Local Internal Audit functions is necessary to ensure an effective control environment and foster the implementation of the Group AML/CTF Standards. To this end:

- Both Group/Local Internal Audit and AFC functions share their respective group-wide verification plans, including the results of the underlying risk assessment, before the presentation for approval in the AG BoD/AMSB with the target to increase the assurance on Anti-Money Laundering and Counter Terrorism Financing;
- In case of audit activity on Anti-Money Laundering and Counter Terrorism Financing in Generali Group, Group/Local Internal Audit function involves the Group/Local AFC function in the phases of the audit engagements, in particular sharing audit issues and their remedial actions in a timely manner, in any case before the presentation to the AG BoD/AMSB;
- The Group/Local AFC function informs the Group/Local Internal Audit function on a timely basis about their verifications on Anti Money Laundering and Counter Terrorism Financing in Generali Group, and about any major potential or actual control failures regarding Anti-Money Laundering and Counter Terrorism Financing, including regulatory activity, breaches of legislation and deficiencies in the internal control system.
- In case of conflicts, the discussion points shall be presented, if necessary, to the AG BoD/AMSB in a timely manner to seek guidance on how to proceed.

3.10 EMPLOYEES AND THIRD PARTIES ACTING ON BEHALF OF THE GROUP

It is the responsibility of all Employees, Third Parties acting on behalf of the Group, outsourcing service providers to whom Group Legal Entities outsourced AML/CTF activities (if allowed under the local laws and regulations), in the performance of their duties, to perform the necessary measures to prevent and mitigate the ML and TF risks and to exercise professional due diligence and good faith in pursuit of the rigorous application of the Group AML/CTF Policy and of any relevant Local requirements and internal rules and procedures.

It is particularly important that all “front office” personnel (e.g. underwriters, sales, agents) make themselves aware of all restrictions applicable to their business and remain vigilant to the related risks applying to their client relationships and transactions and report any anomalous activity to the Local MLRO.

The GLEs should detail in the contracts/collaboration agreements with the own intermediaries and agents the obligations of these parties to apply the behaviors to prevent the ML/TF risks and to share with the GLE the information related to the customers and the transactions reported to the FIU or any other request of the Local Authorities (e.g., bodies delegated to investigate, tax authorities). The GLEs should provide to their own distribution network the processes and procedures, including IT systems where present, for the implementation of the AML/CTF standards and should support the network providing the advice and the approvals which are required in case of higher risk relationships or transactions, as prescribed in the Anti-Money Laundering and Counter Terrorism Financing Customer Due Diligence Group Guideline. Additionally, the GLEs could monitor, also through direct on-site controls, the execution of the AML/CTF obligations by the distribution network.

Any breach or attempt to circumvent or facilitate the violation of AML/CTF obligations should be reported by the Employee to the Local Compliance function and Local AFC function through the Group Compliance Helpline (via telephone or web) in accordance with the relevant Group internal regulations.

4 AML/CTF Risk-Based Approach and Risk Assessment

Each Group Legal Entity and all Employees must always be aware, both in setting the organization and in the daily operations, of the ML/TF risks to which they are exposed.

Group Legal Entities must always consider the complexity, nature and size of its business in order to effectively manage the ML/TF risks that they are exposed to applying the Proportionality Principle.

To this end, the AML/CTF Risk Assessment process, which provides for both a potential or inherent risk evaluation and the evaluation of the mitigation measures implemented, will support the decision-making process. These mitigation measures should be appropriate to the GLE's organizational structure, size, products offered and market conditions.

The Risk Assessment must be performed and documented at least once a year and any time there are significant changes in the business or in the relevant regulatory framework. The AML/CTF Risk Assessment must be performed in accordance with the Group Standards and its results must be shared with the Group AFC function and the AMSB.

4.1. REMUNERATIONS

Group Legal Entities must adopt all necessary risk-based measures to comply with Group and Local AML/CTF requirements.

The results of the Overall Risk Assessment and the AML/CTF Risk Assessment must always be considered when setting the budget. When significant changes in the organization, procedures, internal controls are required by the Group, budget limits and the related incentive remuneration mechanism assigned to the Senior Management must not endanger the capacity of each Group Legal Entity to timely adopt the changes and properly manage the ML and TF risks.

In case of a budget limit agreed with AG, a request of waiver may be requested to the Group CFO together with evaluation of the Group AFC Officer. Where negative economic effects derive from the need to dismiss customers because of the participation to Group data sharing mechanisms, these effects must not endanger the goal assigned by AG to Group Legal Entities.

Personnel's remuneration mechanisms, including personnel dedicated to sales/ distribution activities, must not pose conflicts with the duties to comply with AML/CTF requirements including those deriving from the participation to Group processes or mechanisms, including the Group Data Sharing.

5 MAIN Group AML Requirements

The following sections set out the minimum Group AML/CTF Standards that each Group Legal Entity must follow in order to meet this Policy's requirements.

5.1. CUSTOMER DUE DILIGENCE (CDD)

The AML/ CTF Customer Due Diligence purpose is to achieve an appropriate knowledge of the Customer and of the other relevant parties involved in the relationship/ transaction and must consider different factors to determine whether a Business Relationship

- Verifying the Customer and related parties' general reputation by screening names on open public sources and/or against tools and lists provided by reputable commercial organizations to promptly detect the involvement of the customer in criminal activities which may determine the need for additional due diligence, targeted reviews of past transactional activities or a change of the classification of the customer or business relationship.

is (or remains) acceptable for the GLE. Customer Due Diligence measures must be commensurate to the risks of the Business Relationship/ occasional transaction.

The AML/ CTF Customer Due Diligence must be performed when:

- Establishing a Business Relationship and on ongoing basis (e.g., designation of Beneficiary, payment of claim, payout);
- Carrying out an occasional transaction with limit as per European Legislation in force time to time, whether that transaction is carried out in a single operation or in several operations which appear to be linked; or
- that constitutes a transfer of funds exceeding EUR/USD 1000;
- There is suspicion of money laundering or terrorist financing, regardless of any derogation, exemption, or threshold¹¹
- There are doubts about the veracity or adequacy of previously obtained Customer identification data.

The Customer Due Diligence procedures should include at least:

- The identification and verification of the Customer's identity based on documents, data or information obtained from a reliable and independent source;
- The identification of the Beneficial Owner and taking reasonable measures to verify its identity, including, - as regards in particular to legal persons, like trusts, companies, foundations, and similar legal arrangements - taking reasonable measures to understand the ownership and control structure of the Customer;
- The identification and verification of all the relevant parties¹⁷;
- The assessment on the purpose and intended nature of the Business Relationship;
- Determining whether the Customer, the beneficiary, and their Beneficial Owner/s is a PEP, also by screening against PEP lists prior to the establishment of the relationship, on an ongoing basis and prior to the payout or the termination of the relationship.

These activities must be performed also on the following other Relevant Parties:

- Persons acting on behalf of any Relevant Party (to be always identified in case of legal entity and minor/ person under a certain age);
- Beneficiaries of life insurance and other investment-related insurance policies, as soon as the Beneficiaries are identified or designated:
- in the case of Beneficiaries that are identified as specifically named persons or legal arrangements, taking at the establishment of the relationship the name, surname, date and place of birth of the person. The identification and the verification of the Beneficiary(ies) must be completed before any payout or when a higher risk is identified in relation to the beneficiary (e.g., when the Beneficiary designated is a PEP) or to its relationship with the policyholder (e.g., unrelated and not plausible link between the two subjects explained by the policyholder).
- in the case of Beneficiaries that are designated by characteristics or by class or by other means, obtaining sufficient information concerning those Beneficiaries to satisfy the credit institutions or financial institution that it will be able to establish the identity of the Beneficiary at the time of the payout;
- Insured persons, when in a group collective policy, have equivalent powers of a customer (e.g., when they can add or withdraw money)¹²;
- Beneficial Owners of the Beneficiary (if the Beneficiary is a juridical persons).

The identification and verification of customers and related parties have to be executed according to the minimum set of data and the requirements detailed in the Anti-Money Laundering and Counter Terrorism Financing Customer Due Diligence Group Guidelines.

¹⁶ Please refer to the Anti-Money Laundering and Counter Terrorism Financing Suspicious Activity Reporting Group Guideline.

¹⁷ Please refer to the Anti-Money Laundering and Counter-Terrorism Financing Customer Due Diligence Group Guideline.

¹⁸ If the insured has not active powers in the contract, at least the screening against CTF lists has to be executed.

¹⁹ EBA Guidelines on policies and controls for the effective management of money laundering and terrorist financing (ML/TF) risks when providing access to financial services.

Where a GLE is unable to comply with the Customer Due Diligence requirements, it shall not carry out a transaction, establish a Business Relationship, and, when possible, shall terminate the Business Relationship and evaluate the filing of a suspicious transaction report to the local FIU.

In case of vulnerable customers (such as refugee or person seeking asylum under the 1951 Geneva Convention or other relevant international treaties or customers without fixed address and any other categories as specified in the par.19 of EBA Guidelines¹³) asking to access to basic financial products and services, ad-hoc controls should be executed to identify relevant risk factors and to assess ML/TF risks associated with each single individual business relationships. As part of this, GLEs should differentiate between the risks associated with a particular category of customers and the risks associated with individual customers avoiding blanket refusal or termination of business relationships with entire categories of customers that they have assessed as presenting higher ML/TF risk.

The AMSB must guarantee that an effective segregation of duties between first and second line of defense is effectively in place. With this respect, the first line of defense as Business Function is generally responsible for the execution of the Due Diligence process and presidia described in this Group Policy and in the related Group Guidelines, while the Senior Management is responsible for the related implementation and for the adoption of proper segregation of duties in the GLEs.

The Local AFC Function, as second line of defense, must monitor the application of the ML/CTF processes and measures, also providing advice and the required opinions.

5.1.1. Customer Risk Classification

ML and TF risks must be evaluated for each single Customer, considering the elements which lower or heighten risks. The methodology for risk classification of the Customers must take in account the Group Standards, the data shared across the Group and, at minimum, the following ML/TF risk factors:

- **Product and services:** the type of products or services provided to the Customer, the relative amounts involved, and how those products or services are used by the Customer;
- **Geography:** including both the Customer's nationality, residence, tax residence, country/ area of operation and country/ area of incorporation and the nationality and/or residence of the beneficial owner(s);
- **Client:** the characteristics and the behaviors of the Customers including:
 - Customer's behavior (e.g., the Customer is reluctant in providing information);
 - Legal form taken by the Customer and its susceptibility to being used for money laundering;
 - Business activity;
 - Source of funds and wealth when required (e.g., when there is a high level of ML/TF risk), in all cases when enhanced controls are necessary;
 - Depth and duration of relationship with Customer;
 - PEP - whether the Customer or beneficiary of a policy (and their beneficial owner) poses a high ML risk because they are a Politically Exposed Person (PEP);
 - STRs - where a customer was reported to the FIU and/or there is serious relevant negative information concerning the Customer or Beneficial Owner that may impact the Group's reputation (e.g., allegations/ prosecution for financial crimes such as fraud or bribery);
 - Terrorism and Sanctions - where there is a higher risk that the Customer is associated with terrorism or sanctioned activities considering the location, the type of the Group Legal Entity (i.e., charities) or business;

Distribution Channel: the way through which products/ services are offered to the clients.

Group Legal Entities must associate the different levels of risk with the three categories of due diligence measures:

- **Simplified:** where Group Legal Entities identify areas of lower risk they can apply simplified due diligence measures, in accordance with local law as defined in paragraph 5.1.2;
- **Standard:** the Customer Due Diligence must be applied in accordance with paragraph 5.1. and local laws;
- **Enhanced:** subsequent information must be gathered and/or additional activities and checks must be conducted as defined in paragraph 5.1.3.

5.1.2 Simplified Due Diligence (SDD)

Where ML/TF risk identified is lowest¹⁴ a GLE can apply Simplified Due Diligence (SDD) measures instead of the standard CDD.

SDD consists in adjusting the frequency, timing, extent, or type of the CDD measures to be applied. SDD does not exempt GLEs from assess all the necessary information and data which could confirm the lowest risk associated to the relationship (e.g., identification of the customer and related parties, assessment of nature and purpose of the relationship) and from reporting suspicious activities or transactions to the local Authority or FIU.

SDD is applied in accordance with the Local regulations, if the Local regulation does not conflict with Group Standards.

²⁰ For additional details please refer to the Anti Money Laundering and Counter Terrorism Financing Risk Based Approach Group Guideline.

GLEs must verify periodically the appropriateness of the application of the simplified due diligence measures on their Business Relationships or transactions, also taking into consideration the result of their AML/CTF Risk Assessment.

In case of any event which might change the risk associated to the relationship (e.g., customer becomes PEP during the relationship, red flags identified in the transactions executed), a KYC review must be performed to determine the appropriate risk profile of the customer and the AML/CTF measures which have to be executed.

5.1.3 Enhanced Due Diligence (EDD)

GLEs must apply EDD measures in higher risk situations to manage and mitigate those risks appropriately. The appropriate type of EDD, including the extent of the additional information sought, and of the increased monitoring carried out, will depend on the reason why an occasional transaction or a Business Relationship was classified as high risk

However, the following circumstances must always be considered as high risk:

- Politically Exposed Persons who are Customers and Beneficiaries of life insurance policies or their Beneficial Owners;
- Trusts, foundations, and legal arrangements like trusts and bearer share companies with officially declared ownership;
- Persons subject to information request for AML/CTF purposes from a law enforcement agency or FIU;
- Correspondent Banking Accounts and relationship regulated on accounts with respondent institutions in a third country (i.e., in non-EU jurisdictions);
- Customer and Beneficiary of life insurance policies or their Beneficial Owner resident in high-risk third countries;
- Payments (settlement) from or to third high-risk countries;
- STRs – Customers subject to reports to Financial Intelligence Unit;
- Insurance payments (settlement) to third parties other than the person entitled to be paid in the policy agreement: in case of insurance, the request of a payment to third parties that are not the policyholder or the designated Beneficiary of the policy – excluded those with reasonable motivations/ relationships between the third party and the policyholder or the Beneficiary – must be granted on exceptional basis which requires enhanced controls, including top management approval and a positive opinion by the Local AFC Officer (in this case the third parties are considered equivalent to Person Acting on Behalf of the Beneficiary full EDD measures must be applied to them);
- Multiple transactions/payments made in an anomalous short period or that seem to have no apparent economic justification;
- Business Relationship or transaction is classified as high risk by the GLE¹⁴;
- There is true match with high-risk Group AML Relevant Customers.

EDD must be applied, as far as reasonably possible, when there are complex and unusually large transactions, unusual patterns of transactions which have no apparent economic or lawful purpose, in particular when those transactions or activities appear suspicious.

GLEs shall apply the following minimum measures (in addition to the standard CDD measures) when performing EDD:

- Collect appropriate additional information/ documents to support those already obtained;
- Deep dive the nature and purpose of the ongoing relationships (e.g., activity of the client, beneficiaries, and their respective ultimate beneficial owners, property chain, the reasons why the client requests to enter into an insurance contract that seems not being suitable for his/ her insurance needs);
- Obtain additional information and documents to ascertain the veracity of the Customer's source of funds and wealth (and when appropriate the source of funds and wealth of other relevant parties) with reference to the relationships and transactions exposed to high risk factors (e.g., customer activity in high-risk sectors, funds to/ from third high risk countries);
- Verify the destination of funds (in case of payout or transfer of funds), executing enhanced controls in particular in case of high-risk geographies are involved;
- Obtain the Senior Management approval for establishing and continuing higher risk Business Relationships, according to the escalation process defined in the Anti-Money Laundering and Counter Terrorism financing Customer Due Diligence Group Guidelines;
- Obtain the opinion from the Local and Group Chief AFC Officer functions when required¹⁴; and
- Conduct enhanced ongoing monitoring of those Business Relationships.

The GLEs shall verify the consistency of the data and information provided by the Customer with the information they independently acquired, also having regard to all transactions carried out in relation to that Business Relationship or to other Relationships previously held.

5.2 Ongoing Monitoring

After completion of initial due diligence, GLEs must maintain procedures, according to the Risk-Based Approach and the risk posed by the customers, to keep the customers' data and the related risk classification updated, and to identify any anomalous element or activity to promptly adopt the appropriate EDD measures, eventually submitting a suspicious activity report to the local FIU or terminating the relationship.

As part of the ongoing monitoring, the GLEs must evaluate on an ongoing basis the AML/CTF risks of the products and services the Customer requires to determine the Customer's expected nature and level of activity and assess the transactions undertaken throughout the course of that relationship to check whether they are consistent with the GLE's knowledge of the Customer, the business and risk profile.

5.3 Transaction Monitoring

GLEs should implement and maintain risk-based procedures to monitor the individual transactions and patterns of transactions, undertaken by customers. In this way, GLEs are able to verify whether the transactions are consistent with their knowledge of the Customer, or whether certain transactions could be considered as being anomalous, also taking into consideration the Group red flags described in the Suspicious Activity Reporting Group Guidelines as well as the indicators defined by Local authorities.

5.4 INVESTIGATION AND REPORTING OF SUSPICIOUS ACTIVITIES

GLEs must be vigilant when performing CDD obligations and carry out sufficient monitoring activities of the transactions and relationships to enable the detection of unusual or suspicious activities that raises the feeling or impression that something or someone could be related to a money laundering or terrorism financing offence.

All suspicious relationships and transactions, including attempted transactions, should be reported to the local FIU, regardless of the amount of the single transaction.

GLEs shall ensure that individuals, who report suspicions of money laundering or terrorist financing internally or to the FIU, are protected from being exposed to threats or hostile action, and in particular from adverse or discriminatory employment actions.

GLEs and their Board member or Senior Managers, Employees and Third Parties Acting on Behalf of Generali Group shall not disclose to the Customer concerned or to other third parties the fact that information is being, will be or has been transmitted to the Financial Intelligence Unit or any other law enforcement agency. This prohibition shall not prevent the sharing of information with Group Chief AFC Officer and among the Group on a need-to-know basis.

The GLEs are required to adopt an adequate and effective approach for reporting suspicious activities and transactions, in line with this Group Policy and the Suspicious Activity Reporting Group Guideline. The AFC Officer and MLRO define the necessary procedures aimed to managing suspicious transactions on a priority approach based on the potential risk behind. Accordingly, GLEs must adopt the Group Suspicious Activity Report Solution (SAR Solution) aimed at ensuring a Group-wide approach and managing the SAR Process in line with Group Standards and relevant Group internal regulations.

5.5 Group AML/CTF Data Sharing

Group Legal Entities must keep into account the provision of the European Regulation on the Protection of Personal Data that needs to be followed when processing personal data, the Personal Data Protection Group Policy and the EU AML/CTF Regulation that require to share information and data related to Group AML Relevant Customers with the ultimate parent company and then with the entire Group, applying a consistent and common group-wide approach among the different Group Legal Entities on the evaluation of the customer risk to ensure that the highest risk is applied among the same customer.

Group Legal Entities must ensure that local Customer Due Diligence processes are implemented consistently with Group Standards and local requirements to ensure that the data and information provided to the Group are correct, reliable, and constantly updated.

The Group Chief AFC Officer function manages and aggregates the data received from the Group Legal Entities to generate the Group Consolidated List including all Group AML Relevant Customers to guarantee a consistent group-wide approach in the Customer risk classification and in the Customer Due Diligence measures among the different Group Legal Entities.

The Local AFC function, with the support of the first line of defense, must timely manage the alerts generated by the Group Data Sharing tool on the Group AML Relevant Customers and other Relevant Parties, through the dedicated workflow and collaborate with the Group Chief AFC Officer function providing timely any information and data required.

5.6 Third parties reliance for due diligence measures and outsourcing

Third party reliance is when a third party has an existing business relationship with the Customer and the financial institution is relying on such third party to obtain information relating to Customers. The third party applies its own procedures to perform the CDD requirements related to the identification and verification of the Customers and Relevant Parties and for the assessment of the purpose and intended nature of the Business Relationship.

Conversely, in an outsourcing scenario, a financial institution delegates due diligence activities to a third party based on an outsourcing agreement. The outsourcer applies the CDD measures on behalf of the delegating GLE in accordance with its procedures, and it is subject to the delegating GLE's control of the effective implementation of the procedures. A third party acting on behalf of the Group, or an outsourcing service provider cannot be considered a third party when performing due diligence measures, but they must be regarded as part of the Group Legal Entity. It means that, based on a contractual arrangement signed by each party, the outsourcing service provider must apply all the Group Standards being considered an integral part of the GLE. Therefore, GLE's AML/CTF measures must be fully applied to the employees of the outsourced as well.

In either situation:

- the ultimate responsibility for conformity with the rules remains with the GLEs;
- a risk-based approach must be applied, and service providers located in high-risk third countries, countries with compliance weaknesses as well as in any other country that poses a threat to the EU financial system must not be relied upon; and
- intra-group outsourcing/ reliance on GLEs should be subject to the same regulatory framework as outsourcing/reliance to service providers outside the Group.

- With respect to the above mentioned provisions local laws shall prevail for GCII

5.6.1 Third parties' reliance for due diligence measures

When the third party is established in a third country outside of the EU, the Local AFC function must assess and verify that the third party meets equivalent AML/CTF requirements to Group Standards and provide its opinion to rely on this third party, even if this is a GLE, Branch, and any other supervised credit or financial institution minority-owned by the Group and/or this is based in the same GLE third country.

In performing the assessment, GLEs have to verify whether there are any indications that the third party's level of compliance with applicable AML legislation or regulation is inadequate (e.g., the third party has been sanctioned for breaches of AML/CFT obligations). GLEs cannot rely on third parties for the ongoing monitoring of the Business Relationships and established and/or operating in a jurisdiction in which they have no physical presence.

When relying on third parties the GLEs must check that:

- the third party always provides the necessary, suitable, and sufficient identity information and data and, where necessary, the information on the nature and purpose of the business;
- the third party provides, immediately upon request, relevant copies of identification and verification data or electronic data and other relevant documentation on the identity of Relevant Parties;
- the level of CDD applied by the third party is commensurate to the ML/TF risk associated with the Business Relationship, considering that the third party have applied CDD measures for its own purposes and, potentially, in different context;
- the quality of the third party's CDD measures and record keeping is such that it can be relied upon.
- the distribution agreements include a dedicate and detailed section related to the performance of the AML/CTF measures in particular related to the Customer Due Diligence and record keeping. The agreements must provide services level agreements in order to ensure that controls are timely performed, and all due information are timely shared. The Local AFC function should liaise with the local legal function for the areas of competence of the agreement. The AML/CTF section must formalize the CDD activities performed, the AML/CTF obligations, the duties of the GLEs and of the distributor or outsourcer including the data sharing obligations related to any relevant information to comply with the active collaboration with the authorities. The information to be shared contains any high-risk elements or factors which could be relevant to evaluate and the filing of a suspicious activity reports, including but not limited the SARs already filled to the FIU and any AML/CTF relevant request from public authorities.

The GLEs must control the execution of the Customer Due Diligence by the third party and in case of doubts and/ or negative elements must adopt mitigation measures based on the circumstances and the risks identified.

5.6.2 Outsourcing

The GLEs can outsource their tasks when appropriate due to its nature and the scope and complexity of the intrinsic ML risk associated with its business, and if their fulfillment internally does not respond to criteria of economy, efficiency, and reliability. The GLE remains in any case the ultimate responsible for the correct ML risk management.

The outsourcing of functions cannot result in the delegation of the AMSB responsibilities and strategic decisions in relation to AML/CFT should not be outsourced. These decisions include at least:

- the approval of ML/TF risk assessment;
- the organization of the AML/CFT framework;
- the adoption of AML/CFT internal regulations and procedures, and the methodology used to determine the ML/TF risk presented by a business relationship;
- the identification of the criteria used to detect any potential suspicious activity reports for ongoing monitoring and reporting purposes; and
- the final decision to report suspicious transactions to the FIU, where the identification and reporting of suspicious transactions is outsourced.

In line with the relevant internal Group Regulations on Outsourcing, the GLE designates the AML function owner internally, who is assigned overall responsibility of the AML function whose task are outsourced.

The GLE must document adequately the process that identifies the tasks of the AFC function among those to be outsourced. In particular, the GLE provides evidence of the assessment performed prior to the finalization of the agreement with the outsourcer, which should include an analysis of the potential conflicts of interest between the outsourcer and the GLE, the operative risks arising from outsourcing agreement and the related mitigation actions applied, as well as the assessment performed on the outsourcer (e.g., screening checks).

The rights and obligations of the GLE and the outsourcer should be clearly allocated and formalized in a written agreement which should at least describe the outsourced activity(ies), the methods of execution and the related compensation, the confidentiality obligations concerning the information acquired, the monitoring of the AFC Officer of the services provided and the access to the relevant information and data where required, the rights of withdrawal from the contract¹⁵ without disproportionate or jeopardizing costs, the impossibility to perform the sub-outsourcing of the contract without the consent of the GLE and specific safeguards regarding the adoption of appropriate measures to prevent conflicts of interest by the outsourcer.

The GLE which outsources tasks of the AML/CFT function should entrust its AFC Officer with:

- monitoring the service provider's performance to ensure that the outsourcing effectively enables the GLE to comply with all its legal and regulatory AML/CFT obligations;
- carrying out a regular control of the service provider with the commitments arising from the agreement. Through this control, the Local AFC function could regularly monitor if the outsourcer performs its activities in line with the obligations defined in the contract. As regards its customer's data, the Local AFC function and the competent Authority should have access rights to the systems/databases of the service provider;
- reporting on the activities part of the outsourcing agreement and the controls executed by the local AFC Function to the AMSB within the activity report of the AFC Function at least once a year or in case remediation measures must be implemented as soon as possible.

The outsourcing of tasks related to AML/CFT to service providers established in third countries should be subject to additional safeguard measures¹⁶ to ensure that the outsourcing does not, as a result of the location of the service provider, increase the risk of non-compliance with the AML/CTF regulatory requirements or of inefficient performance of the outsourced tasks, nor hinders the competent authority's capacity to effectively exercise its supervisory power with regard to the service provider.

In case of intra-group outsourcing, it is necessary to identify and manage any conflicts of interest that could arise from the agreement and the relationship between the two parties. With this respect, Group Chief AFC Officer:

- creates an inventory of all intra-group AML/CFT outsourcing agreements and regularly made available for its consultation to the GLEs;
- ensures that the intra-group outsourcing agreements in place do not compromise the compliance of each GLEs with their AML/CFT obligations, through the execution of Group ad-hoc periodical controls.

In line with the relevant internal Group Regulations, full outsourcing of the AFC Function cannot be assigned to third parties that do not belong to Generali Group.

Where the GLE does not have any employee of its own other than the members of the AMSB, it may outsource the Local AFC function to a service provider.

In such instances, the GLEs should consult the BU AFC Head and the Group AFC Officer Function to determine the approach to be followed for the establishment of the AFC Function in line with the Group wide AML/CTF standards (e.g., an option could be to appoint as AFC Officer the AML/CTF responsible person of the service provider proven that he/ she has adequate experience, skills, seniority and knowledge of the business carried out by the GLE and the related AML/CTF risks).

Further details are described in the third-party management and outsourcing Group Policy.

²¹At least for Italian GLEs, the contract should include the right of withdrawal in case of specific request of the local Authority.

²²The outsourcing with service providers located in third countries could be subject to the notification and the related approval of the local Authority.

²³Where such information is required as part of the CDD requirements and considering the ML/TF risks.

6 CTF Requirements on Screening

6.1 SCREENING

Group Legal Entities must take appropriate and risk-based steps to ensure that proper procedures are implemented to screen Customers and other Relevant Persons where applicable, for example, beneficiaries, insured, the people acting on behalf, Beneficial Owners¹⁷, against a database that contains at minimum:

- Consolidated United Nations Security Council Sanctions List;
- Consolidated list of EU financial sanctions and consolidated list of persons, groups, and entities subject to EU financial sanctions;
- United States of America ("US Sanctions"), mainly through the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC"), the U.S. State Department and the Bureau of Industry and Security of the U.S. Department of Commerce ("BIS");
- Any locally issued terrorist and sanctions lists applicable to the Group Legal Entity;
- Group Data Sharing Consolidated List (mandatory only for AML relevant GLEs);
- PEP lists (mandatory only for AML relevant GLEs for customers and related parties); and
- Adverse media and crime lists (mandatory only for AML relevant GLEs).

Screening processes must be performed, before onboarding the customer, during the relationship on ongoing basis and before providing insurance services, performing the payment, the payout or the settlement of the policy.

The Local AFC Function should ensure that its activity report includes the key relevant screening data and statistics in order to report to the AMSB the alert handling, screening trends and the risks associated to the products, geographies and business carried out by the GLE.

The Group Chief AFC Officer function has selected lists of preferred providers, screening tools and independent testing controls and implemented a Common Screening Solution recommended for adoption by GLEs.

7 AML & CTF Common Requirements

7.1 Record Keeping

GLEs must implement and maintain procedures that ensure the retention of the supporting evidence and information records pertaining to the Business Relationship and transactions, in accordance with local legal requirements and with data protection rules, for at least five years from the execution of an occasional transaction or from the termination of any Business Relationship.

Data records and relevant documentation must be stored in a format (preferably electronic) that ensures they are appropriately archived and easily retrievable, in accordance with local legal requirements.

Group Legal Entities must ensure that there are no logistical or legal obstacles - regarding the data and documents confidentiality - which could limit the timely access by the Group and relevant authorities to AML/CTF information, data and documentation, especially if those are stored abroad.

7.2 Testing

GLEs must ensure that independent compliance testing activities are regularly carried out at Local level to review and assess that local AML/CTF control system is compliant with Group Standards and locally applicable laws. These testing activities include, among others:

- the execution of Group AML/CTF 2nd level controls;
- the active support to be provided to the Group Chief AFC Officer function in case GLEs are included in the "AFC Quality Assurance controls" program.

7.3 Training

GLEs must provide to relevant employees (new and existing) periodic risk-based AML/CTF training applying the Proportionality Principle. Group employees and Third Parties acting on behalf of Generali Group must be trained in order to be aware of potential scenarios by which the Group may be misused for money laundering and terrorism financing purposes and must be instructed on how to proceed when they detect anomalous activities.

The content of the specific training programs delivered to persons with different levels of exposure to ML/TF risks should be adjusted on a risk-sensitive basis, and adequate theoretical and practical training have to be provided to the persons by assessing how they are exposed to different level of ML/TF risks.

In this context, the Local AFC functions are responsible to:

- contribute to the Local training needs analysis, identifying the training initiatives to be delivered and the related target population taking into consideration the outcome of the second level of controls, potential internal audit findings and the instructions provided by Group Chief AFC Officer function;
- establish all the necessary key indicators aimed to verify the effectiveness of the training provided;
- ensure that the training plan, as well as its realization, is documented in writing and be referred to in the AFC reports submitted to the AMSB.

Each GLEs must be aligned to Compliance Training Group Guideline to ensure a Group-wide approach and managing training process in line with group standards.

7.4 Management information and Reporting

The Local AFC Officer ensures that the AMSB is periodically informed about the level of exposure of the GLE to the AFC risks and the measures taken or recommended to mitigate and effectively manage these risks.

To this aim, the Local AFC Function at least once a year submits to the AMSB for its approval a report on the key activities performed during the previous year, the outcome of the last AML/CTF risk assessment and related remediation actions to be addressed for the mitigation of the risks detected. The Local AFC function provides the AMSB with at least one additional annual interim report.

The report should be readily available in case of inspections and/or request of the local Authorities. Notwithstanding this requirement, the local AFC officer is responsible to define the frequency and the level of details of the AFC reports, which should be proportionate to the scale, the nature, the risks faced by the GLEs and aligned with local regulatory requirements.

The Local AFC Officers of the GLEs exposed to AML/CTF risks is responsible to submit the AML/CTF annual plan to the BU AFC Head, where present, or to the Group AFC Officer Function for review and approval prior to the submission to the Local AMSB.

As part of Group oversight, the Group Chief AFC Function or to the BU AFC Officer, where present monitors the Local AFC plans and the related activities performed by the local AFC Officers on an ongoing basis.

The Local AFC functions report the information related to the AFC presidia (e.g., suspicious transactions filed to the Local FIU, new regulatory requirements, alerts/hits) to the Group Chief AFC Officer Function in order to provide the picture of the overall AFC risks to which the Group is exposed.

The management information and the reporting flows adopted at Local level should be, in every case, aligned with the requirements regulated within the AFC Reporting Standards Group Technical Measure.

7.5 Restricted business

Group Legal Entities must not establish Business Relationships with shell banks nor establish or permit transactions with anonymous relationship (e.g., shell company, numbered account). Furthermore, Business Relationships shall not be established where the identity of the Customer, Beneficiary(ies) and/or Beneficial Owner(s) cannot be determined and updated or in case the Due Diligence cannot be complete and revised.

Group Legal Entities shall establish and maintain procedures to appropriately restrict Business Relationships and Transactions with individuals and entities named on the United Nations, European Union Financial Sanctions List, the United States Office of Foreign Assets Control (OFAC) Specially Designated Nationals and Blocked Persons List ("SDN list" and other blocked persons lists) and local lists and freeze the funds accordingly with local laws and regulations.

GLEs shall reserve the right to promptly terminate any Business Relationship that violates the AML/CTF Group Standards.

7.6 Due Diligence on Third Parties

GLEs must perform adequate controls and due diligence of the third parties (e.g., suppliers, intermediaries, counterparties in M&A transactions) with whom they enter into a business relationship in order to avoid relationships with subjects involved in ML or TF issues.

The first line of defense functions are responsible to conduct the due diligence process with a specific focus on the country of residence, country of operation and the type of business conducted by the third parties.

The screening against the Group required lists (e.g., International Sanctions, Terrorism, adverse media) must be executed to avoid any business relationship with subjects potentially involved in criminal activities.

The due diligence activities might be subject to ex-post controls. For additional details, the personnel can contact the Local AFC Function or refer to the relevant Group internal regulations.

7.7 Proliferation of weapons of mass destruction

As part of the international fight against the proliferation of weapons of mass destruction and following the 1997 Ottawa Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction and the 2008 Oslo Convention on Cluster Munitions, the Group is committed in banning the financing of any company involved in the production, use, sale, distribution, import, export or transfer of anti-personnel mines, cluster munitions and submunitions (except as expressly permitted by the Ottawa and Oslo Conventions).

The first line of defense functions GLEs, based on the information acquired during the due diligence process, are responsible to determine whether a transaction or relationship is, directly or through subsidiaries or affiliated companies, linked to persons or entities involved in money laundering, terrorist financing or in the development of weapons of mass destruction. The screening against the Group required lists (i.e., International Sanctions, Terrorism, adverse media) must be executed to identify potential links to the weapons sector and the Local AFC Function could be consulted in case of doubts or advice.

GLEs ensure that obligations are met reporting transactions suspected to finance terrorism or activities for the proliferation of weapons of mass destruction to the competent authorities, according to Group and local regulatory requirements.