

# **Banca Popolare di Sondrio**

## **CODE OF ETHICS**

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### **The Code of Ethics of Banca Popolare di Sondrio**

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*Adopted by the Board of Directors on 28 August 2008  
1<sup>st</sup> update approved by the Board of Directors on 1 October 2019*

## 1. INTRODUCTION: REGULATORY AND DEONTOLOGICAL IMPLICATIONS OF THIS CODE

This Code of Ethics outlines the commitments and ethical responsibilities in the conduct of business and corporate activities of Banca Popolare di Sondrio (hereinafter, for the sake of brevity, also referred to as the "**Bank**") and specifies the set of values and principles, as well as the lines of conduct, that must be adopted by the directors and auditors of the Bank, by all persons who have a working relationship with the Bank ("**Employees**") and, in general, by all those who work with the Bank, regardless of the relationship that links them to it ("**Associates**"), as well as by those who entertain business relations with the Bank ("**Third Parties**").

Over the years, Banca Popolare di Sondrio has acquired and consolidated an excellent reputation, both nationally and internationally, as a banking company characterized by sound and prudent management, which conducts its business in compliance with the ethical principles of fairness, transparency, integrity and professionalism and with the rules of conduct set forth in Article 21 of the Consolidated Law on Financial Intermediation (Legislative Decree no. 58 of February 24, 1998).

The objectives of the Bank's corporate and business activities are pursued by all those who work for the Bank with loyalty, seriousness, honesty, competence and transparency, in full compliance with the laws and regulations in force. These are the ethical principles the Bank adheres to - and from which it derives its models of conduct - as part of its more than one hundred year old mission as a 'popular' co-operative - in order to compete effectively and fairly on the market, meet the expectations of the communities in the areas in which it operates, improve customer satisfaction, increase shareholder value and develop the skills and professional growth of its human resources.

The provisions contained in this Code of Ethics are aimed at highlighting some important values and rules of business conduct, aimed at safeguarding the reputation and image of the Banca Popolare di Sondrio, which must be complied with by the Bank's internal staff, as well as associates, suppliers and those with whom the Bank has close business relations. The creation and dissemination of corporate values cannot, in fact, be separated from an effective respect for fundamental principles such as professional fairness, personal integrity, the effective protection of health and safety in the workplace, as well as transparent competition on the market by all those who operate in it.

To the extent necessary, it should be noted that the Code of Ethics constitutes a prerequisite and reference - following an assessment of the risks/offences associated with the activities carried out by the Bank - for both the Organisation, Management and Control Model (hereinafter, for the sake of brevity, also referred to as the "**Model**") and the system of sanctions for the breach of the rules laid down therein, adopted by the Bank in accordance with the provisions of Articles. 6 and 7 of Legislative Decree no. 231 of 8 December 2001 (hereinafter, for the sake of brevity, also referred to as the "**Decree**" or the "**Legislative Decree 231/2001**"), and on the basis of the Guidelines drawn up by the Italian Banking Association pursuant to Article 6(3) of the Decree.

Irrespective of compliance with the requirements set out in the legal provisions, the adoption of a Code of Ethics is an indispensable tool for enhancing the value of banking activity, such as to bring out its ethical-deontological dimension and, therefore, aimed at making the best possible use of the pursuit of social purposes, safeguarding the reputation of the institution in a perspective that is not only of an exclusively commercial nature.

Having said this, it is a natural consequence that the observance of the provisions of this Code is to be considered an integral part of the contractual obligations assumed by the staff of Banca Popolare di Sondrio, also pursuant to and for the purposes of Article 2104 of the Italian Civil Code. The violation of the rules of the Code may therefore constitute a serious breach of the obligations arising from the employment contract and a source of tort, with any consequent personal liability.

The Bank reserves the right to safeguard its interests in any competent forum against any associates and all those (suppliers, consultants and operators with a strategic/commercial relation) who, in the context of contractual agreements with the Bank, have breached the provisions of this Code addressed to them.

In respect of the above, the provisions contained in this Code supplement the rules of conduct that staff are required to comply with, by virtue of current legislation, individual and collective employment contracts,

existing internal procedures and the codes of conduct to which the Bank has subscribed or will subscribe. In the event of a conflict, the provisions of the Code of Ethics shall in any event take precedence over those laid down in the internal procedures and regulations.

Awareness of and compliance with this Code by all those who work for the Bank, or who otherwise have a close relationship with it, are therefore essential conditions for the Bank's transparency and reputation. These conditions must be no less effective with regard to those who have business dealings with the Bank.

## 2. GENERAL PROVISIONS

### 2.1 *Scope of the Code*

The provisions contained in this Code are binding on the directors, auditors, managers, employees and, more in general, all personnel of Banca Popolare di Sondrio, whatever the contractual relationship that binds the subject to the Bank.

They are also binding, where applicable and relevant, on any external associates and consultants, if they act in the name of and/or on behalf of the Bank, as well as on third parties having business relations with the Bank, if so agreed with it.

The Bank requires third parties with whom it has business dealings to enter into contractual agreements whereby they undertake to comply with the provisions of this Code and, if the third parties are legal persons, it shall ensure that the dissemination of and compliance with the Code is guaranteed by all natural persons within the organisation of the third party.

Without prejudice to the regulatory, religious, cultural and social specificities of each system, this Code is valid both in Italy and abroad, subject to any necessary and appropriate adjustments resulting from the different circumstances in which the Bank operates.

### 2.2 *Guarantors of the implementation of the Code*

Control over compliance with the provisions of this Code is entrusted to a Supervisory Board, set up pursuant to Article 6(1)(b) of Legislative Decree 231/2001.

Supervision of the implementation of the Code of Ethics and its application is the task of the Bank's directors and employees, who are all indiscriminately and individually required to report any non-compliance or failure to apply it to the aforementioned Supervisory Body.

### 2.3 *Dissemination and implementation of the Code*

The Bank promotes knowledge of and compliance with the Code of Ethics *primarily among* directors, auditors, employees and associates in various capacities; as well as, where appropriate, in the context of specific contractual agreements with commercial and financial partners, consultants and suppliers, requiring compliance and providing for appropriate disciplinary or contractual sanctions in the event of non-compliance.

Accordingly, the Bank shall promptly inform directors, auditors, employees and associates of any amendments to the Code.

All the above-mentioned persons shall therefore be required to familiarise themselves with the content of this Code and, in case of doubts, to ask for and receive, from the competent corporate functions, the appropriate clarifications on the interpretations of the same, as well as to comply with it and contribute to its implementation, reporting any shortcomings and violations (or even only attempted violations) of which they have become aware.

To this end, the Bank shall publicise the Code, both through the normal system of internal communications, circulars and operating manuals, and through the corporate intranet site.

### **3. RULES OF CONDUCT APPLICABLE IN ALL SITUATIONS**

#### ***3.1 Basic principle: compliance with applicable laws and regulations***

The Bank undertakes, through the adoption of the prevention and control measures deemed necessary, to ensure full and unconditional compliance with the laws and regulations in force in every geographical context and operating environment, at all decision-making and executive levels.

In particular, the personnel of the Banca Popolare di Sondrio, in every circumstance connected to the performance of professional services on behalf of the Bank and whenever the interests of the Bank are involved, must comply with the laws and regulations in force in the different countries in which they are resident or domiciled, or in which they habitually or occasionally perform their professional services, refraining also from forcing or instigating others, colleagues or external to the Bank, to violate or circumvent, even in a minor way, the laws and regulations in force in the countries in which the Bank is present or in which it has interests, even indirectly.

Anyone within the Bank who is subjected to coercion or inducement to violate laws shall promptly report to his or her immediate superior or, if this is not possible, due to the absence of the latter or because he or she is instigated or coerced by him or her, shall promptly report the coercion and inducement to a member of the Supervisory Board.

Bank staff are required to be familiar with the laws, regulations and internal rules applicable to their duties and, in case of doubt, to request information and clarifications from the competent corporate functions.

#### ***3.2. Fairness, confidentiality and impartiality.***

In the performance of their professional activities, the Bank requires each director, employee and associate to behave in line with the principles of fairness and honesty, as well as respecting the duties of confidentiality inherent in the management of the information in their possession.

All operations and transactions carried out in the interest of the Bank, or which in any case involve its name and reputation, must be based on the utmost fairness of management, completeness and transparency of information, legitimacy in form and substance and clarity and truthfulness in the accounts, in accordance with the rules in force and the procedures adopted by the Bank, and must also be properly documented and open to verification.

In its relations with all the persons with whom it operates, and especially with its customers, the Bank undertakes to promote equal treatment of all persons, avoiding any discrimination based on the age, sex, state of health, nationality, political opinions and religious beliefs of its interlocutors.

#### ***3.3. Prevention of conflicts of interest***

A relationship of complete trust exists between the Bank and its employees, within which it is the primary duty of the employee to use the assets of the company and his/her own working skills for the realisation of the corporate interest, in compliance with the principles laid down in this Code, representing the values by which the Bank is inspired. In this respect, employees are expressly forbidden to pursue their own interests to the detriment of those of the Bank, including through the improper use of tangible and intangible corporate assets or by exploiting the good name and reputation of the Bank.

It is therefore forbidden to carry out, directly or indirectly, activities that compete, even potentially, with the Bank's operations or that bring the staff and consequently the Bank into disrepute.

The acceptance of any management or administrative position outside the Bank entails prior information and, in cases deemed significant, subsequent authorisation by the department/area in charge of personnel management.

Generally speaking, a conflict of interest also includes situations that could jeopardise the employee's ability to carry out his or her duties with honesty, objectivity and diligence.

Staff undertake to inform the Bank promptly if they find themselves in an actual or potential conflict of interest situation.

Anyone who becomes aware of situations of conflict of interest must promptly inform the Supervisory Board thereof.

### ***3.4. Information transparency***

The Bank assures investors and the market of full information transparency, in accordance with the principles of proportionality, truthfulness and timeliness of the information provided and on the occasion of each corporate communication.

All the Bank's employees and associates undertake, in their internal and external relations, to communicate data, procedures and technical and contractual specifications in a transparent and accessible manner.

Specific rules of this Code govern external communication relationships.

### ***3.5. Corporate governance: criteria for the conduct of senior management***

#### ***3.5.1. General principles***

The Bank adopts a corporate governance system aimed at looking after the interests of all the internal and external parties with whom it comes into contact (customers, employees, associates, suppliers and business partners, the community), in compliance with the wishes of the shareholders and ensuring management behaviour in line with regulatory principles and national and international best practices.

In this context, the Bank's directors, auditors, managers and departmental heads are required to comply with this Code and to align their activities with values of honesty, loyalty, fairness and integrity. They must ensure the exchange and circulation of information on the Bank's management both vertically (i.e. across the various decision-making and operational levels) and horizontally (between the various functions).

#### ***3.5.2. Conflicts of interest***

The Bank's directors, auditors, managers and department heads are required to comply with the conflict of interest provisions adopted by the Bank.

In the performance of the company's activities, the above-mentioned persons shall, in the event of their own actual or potential interest, promptly inform the Supervisory Board, which shall assess the existence of any conflict of interest, incompatibility or prejudicial situation.

The provisions of this article are without prejudice to the operation of Article 2391 of the Italian Civil Code.

#### ***3.5.3. Expected management behaviour***

Aware of the complexity, delicacy and responsibility of the Bank's *mission*, the Bank, within the framework of the principles described above, intends to emphasise a series of behaviours expected of all persons operating within the Bank and, in particular, of its top management, in order to avoid any unlawful acts which could seriously harm the Bank's image and reputation:

- the financial statements and corporate communications required by law must be drawn up clearly and give a true and fair view of the Bank's assets and liabilities and financial position;

- the directors must guarantee the shareholders' meeting the greatest possible freedom and serenity of judgement, informing the shareholders in a clear and transparent manner about the management of the Bank;
- communications to the Public Supervisory Authorities must fully disclose truthful facts about the Bank's economic and financial situation and must be provided promptly and in accordance with the principle of loyal cooperation;
- communications addressed to the market must always be truthful and verifiable;
- compulsory reports, communications and filings with the Company Register must be made by the persons identified by law in a timely and truthful manner and in compliance with the regulations in force.

### 3.5.4. Rules for the protection of capital and corporate assets

In compliance with the provisions of the law protecting the integrity of the Bank's assets, the Bank intends to reaffirm in this Code a series of prohibitions, which represent, for all persons having decision-making responsibilities, insurmountable limits to management discretion:

- it is prohibited to distribute profits or advances on profits not actually earned or allocated to reserves or to distribute unavailable reserves;
- it is prohibited to carry out share capital reductions, mergers or demergers in violation of the legal provisions protecting creditors;
- It is forbidden to fictitiously form or increase the capital of the Bank, by: *i*) allocating shares for a sum lower than their nominal value; *ii*) reciprocal subscription of shares; *iii*) significantly overvaluing contributions in kind or receivables, or the assets of the Bank in the event of transformation;
- It is also forbidden to carry out any kind of illegal transaction on the Bank's shares or on shares or quotas of controlling entities;
- any kind of transaction that may cause damage to creditors is prohibited.

Any violation or attempted violation of the prohibitions laid down in this provision must be promptly reported by the person who becomes aware of it to the Supervisory Board.

### **3.6. Handling of confidential and inside information**

Due to the nature of its business, the Bank is constantly involved in the handling of confidential and inside information, which, by express provision of the law, requires particular care in its treatment.

"Confidential" information means data and knowledge not accessible to the public, relating to the Bank's organisation, corporate assets, planned/completed business operations, judicial and administrative proceedings, customer relations, and so on.

Recipients of this Code, should they come into possession of the above information, even occasionally, are required to respect the confidentiality obligations laid down in it.

"Inside information" means information of a specific nature relating, directly or indirectly, to companies issuing financial instruments, which, if made public, could have a significant effect on the prices of those financial instruments.

The Bank recommends and requires all persons operating with such information to exercise the utmost caution in its handling and circulation (including within the Bank), taking into account the provisions of Legislative Decree No. 58 of 24 February 1998 and the rules on the provision of investment services.

### **3.7. Statement of non-financial information**

Legislative Decree No. 254 of 30 December 2016, which implemented Directive 2014/95/EU in national law, introduced the obligation to prepare non-financial and diversity disclosures (so-called "Non-financial Statement" or "NFS") through which certain entities are required to communicate to the public information on their sustainability, concerning social and environmental factors, in order to increase the confidence of investors and consumers.

In compliance with these regulatory provisions, the Bank prepares its own Non-Financial Statement on, inter alia, environmental, social, personnel, human rights and anti-corruption issues, considering this disclosure to be an integral element of its strategic, financial and business policies, as well as a necessary tool to convey values such as social responsibility and sustainability.

With reference to the drafting of the aforementioned Statement, the Bank shall ensure that its Organisational, Management and Control Model pursuant to Legislative Decree no. 231/2001 (the so-called MOG) and the values and principles of conduct described in the Code of Ethics are adequately and coherently highlighted within it, in order to promote their dissemination and ensure their full compliance.

## **4. SPECIFIC RULES OF CONDUCT FOR INTERNAL RELATIONS**

### **4.1. Relations with employees and personnel policies**

#### 4.1.1. General rule

Believing that the main factor in the success of any business is the contribution of the people who work for it, the Bank recognises the centrality of human resources, who are required to be professional, dedicated, loyal, honest and cooperative, which are key elements in creating a sense of belonging to the company.

#### 4.1.2. Personnel selection and management

Personnel selection is carried out on the basis of company needs and correspondence with the professional profiles sought, recognising equal opportunities for all candidates.

The information requested during the selection process is strictly related to the verification of the professional and psychological-aptitude profile sought, while respecting the candidate's privacy and personal opinions.

The Bank mainly employs staff hired in accordance with the types of contracts provided for by the applicable legislation and national collective labour agreements.

Access to roles and/or positions is defined in consideration of the skills, abilities and availability of individuals, on the basis of the Bank's specific needs and without any discrimination, consistent with the criteria of general work efficiency.

Any form of abuse of positions of authority or coordination is expressly prohibited. Abuse shall be understood as any behaviour consisting in requesting or inducing the offering of services, personal favours or other benefits detrimental to the dignity, professionalism or autonomy of others.

#### 4.1.3. Health and safety

The Bank shall disseminate and consolidate a culture of safety and health of workers in the workplace, developing risk awareness and promoting responsible behaviour by all its staff; it also undertakes to create working conditions that are functional to the protection of the psychological and physical integrity of workers and respect for their moral personality.

More specifically, the Bank acts towards its employees and associates in full compliance with the provisions set out in Article 2087 of the Italian Civil Code and in the Consolidated Law on health and safety in the

workplace (Legislative Decree no. 81 of 9 April 2008), as well as with the other applicable laws or regulations, or with the local foreign laws and requests of any further legislation applicable from time to time due to the type and location, including abroad, of the activities concretely carried out.

Without prejudice to the obligations that cannot be delegated, concerning the basic corporate decisions on safety in the workplace, the Bank undertakes to take all appropriate measures to prevent risks to health and safety in the workplace, entrusting the relevant tasks to qualified persons.

All the addressees of this Code, within the scope of their duties, participate in the process of risk prevention and health and safety protection with regard to themselves, their colleagues and third parties, also making observations and proposals. In particular, all persons working within or in connection with the Bank are required:

- to comply with the provisions and instructions issued by the Bank;
- to correctly use the machinery and equipment used in the performance of work;
- to use protective equipment appropriately;
- to report without delay to the competent company departments any deficiencies and/or failures of the protective means and devices of which he or she is aware;
- not to remove or modify safety, signalling or control devices without authorisation;
- not to carry out dangerous operations or manoeuvres on their own initiative and outside their duties;
- to undergo any health checks required for health protection.

Finally, the Bank undertakes, when assigning works or services to third parties under contract, or in any case within the framework of ordinary business relations, to require its partners *to* comply with adequate safety standards for workers.

#### 4.1.4. Individual protection

The Bank undertakes to guarantee working conditions that respect the dignity of the individual and not to admit or tolerate forms of discrimination contrary to the law. To this end, it requires that acts of psychological violence or attitudes or behaviour that are discriminatory or harmful to the person, his/her convictions, beliefs or preferences shall not be tolerated in internal and external labour relations.

The Bank requires that no harassment or bullying of any kind take place in internal or external labour relations.

The Bank will not engage in, and will not tolerate, any form of retaliation against employees who have complained of discrimination or harassment, or against employees who have provided information on such discrimination or harassment.

#### 4.1.5. Duties of staff and associates

All employees and associates of the Bank are obliged:

- to direct their work towards the principles of professionalism, transparency, fairness and honesty, contributing with colleagues, superiors and associates to the pursuit of the company's aims, in compliance with the provisions of this Code;
- to know and comply with the internal procedures for reimbursement of expenses, behaving fairly, correctly and transparently when requesting reimbursement and ensuring, in particular, that each reimbursement file is properly documented and/or documentable;
- not to exploit their position within the Bank for personal purposes and, similarly, not to use the name and reputation of the Bank for private purposes;



- to know and implement the provisions of the corporate policies on the security and dissemination of information concerning the Bank;
- not to use personal cover strategies or insurance on remuneration or other aspects that may alter or affect the risk alignment effects inherent in remuneration mechanisms, as set out in the supervisory instructions on remuneration policies and practices in banking groups.

Each employee and associate of the Bank is required to act diligently to protect corporate assets, through responsible behaviour in line with the operating procedures and corporate directives drawn up to regulate their use. In particular, such persons shall

- use the assets entrusted to them scrupulously and sparingly;
- avoid any improper use of corporate assets which may cause damage or reduce efficiency or which may otherwise appear contrary to the principles governing the Bank's operations.

#### 4.1.6. Giving and receiving gifts, benefits and/or favours

Personnel are prohibited from offering, donating, requesting or accepting, even through third parties, compensation or other personal benefits, connected with the management of the Bank's activities, which are not of a modest value, i.e. which are not generally considered as a common courtesy or commercial gesture, acceptable and lawful according to current management practice.

The prohibition applies to anything given to (or received from) any person, including, for example, other employees, prospective employees, customers, government employees, public officials, competitors, suppliers and other persons with whom the company has, or would like to have, business relationships.

In any case, each person is obliged to inform his/her hierarchical superior and the Supervisory Board of any solicitation or offer of special advantages proposed to him or her directly or indirectly.

#### ***4.2. Management of financial resources: anti-money laundering requirements and prevention of terrorism financing***

Financial resources must be managed in accordance with the principles of transparency, lawfulness and traceability of operations.

As regards, in particular, the flow of money from or to bodies of the Public Administration, the Bank may not derive any advantage whatsoever, except through the lawful establishment of contractual relations and/or through measures lawfully obtained, or through the disbursement of provisions of any kind duly obtained and intended for the purposes for which they are granted.

It is strictly forbidden for directors, employees, external associates, agents, proxies and any other person who may act in the name and on behalf of the Bank to obtain unfair profits to the detriment of the Public Administration.

The Bank and its employees and associates undertake to comply with all the rules and provisions, both national and international, on the subject of anti-money laundering, including the rules set out in Legislative Decree No. 231 of 21 November 2007, as amended by Legislative Decree No. 90 of 25 May 2017, and the relevant implementing provisions, preparing specific internal measures to verify the origin of financial flows.

It is strictly forbidden for any employee of the Bank to receive or conceal money or things deriving from any crime, or to participate in their acquisition, receipt or concealment in order to procure a profit for himself/herself or others.

Any addressee of this Code who is authorised, for reasons of his or her office, to manage outward cash flows is required to exercise special caution in verifying the recipient of the funds, meaning assets of any kind.

### 4.3. Management of IT resources

The goods and services (including software, applications and IT resources) made available by the Bank must be used appropriately, in accordance with their intrinsic nature and exclusively for business purposes, compatible with the current activities of each employee or associate and with the aim of protecting the information processed.

The addressees of this Code use and manage the IT resources assigned to them in compliance with the instructions and directives provided by the functions involved in the process (e.g. the Human Resources Department with regard to enabling access to IT systems, the Information Systems Department with regard to preparing and releasing equipment, etc.), and generally adopt correct behaviour to safeguard those resources.

Each employee is required to respect and enforce the basic rule of not leaving his or her workstation switched on, unattended and connected to the network in case of absence, even temporary, in order to avoid unauthorised use.

Similar care must be taken in managing the access credentials (user-id and password) assigned to each user, which are strictly personal and non-transferable and uniquely identify the individual.

Those who have been granted personal access rights to company procedures or applications, with the power to operate or even just to provide information, are required to keep them carefully and to adopt the appropriate measures, provided for by internal rules and recommendations, to avoid possible improper use of them.

Passwords are therefore considered to be the handwritten signatures of the owner of the passwords, and any irregularities or infringements committed through the use of the "keyword" will be attributed to him or her.

The correct, careful and appropriate use of the password for connection to the various procedures involves the application of the following principles:

- always ensure that the procedure in use is closed once it has been completed;
- avoid leaving the terminal 'on' with your password entered;
- avoid leaving your password written down in places accessible to third parties;
- change your password frequently;
- avoid using the names of the closest or most common persons or objects as passwords, so as not to make them easier to identify by third parties;
- if you have several passwords, avoid using the same encryption for all of them.

The aforementioned rules may not, however, be used in an instrumental way to create difficulties or impediments to the conduct of regular business operations. In particular, reference is made to the creation of archives or applications for operational purposes that are not shared or accessible within the competent office, as well as to the so-called e-mail which, bearing in mind the prohibition to use this tool for purposes other than corporate ones, in the event of prolonged absence cannot remain unreported. In this regard, please refer to the provisions in force.

Access to the Internet by authorised users is only permitted for business purposes, compatibly with the work activities of each employee and only for the time strictly necessary.

Access to websites, or the use of data, programmes, applications and computer or telematic resources, which are expressly prohibited by law, company policy or which are manifestly unrelated to work activities due to the presence of pornographic, child pornography or gambling content, or which depict disclosures that are not compatible with law and order and/or public morality (e.g. claims of acts of domestic and international terrorism) is strictly prohibited.

Similarly, the company email address may be used solely and exclusively for professional purposes, compatibly with the work activities carried out by each employee, who is required, in any case, to use his or her own email account correctly, adopting appropriate behaviour such as, for example, periodically deleting unnecessary or bulky documents/attachments, using appropriate, correct and respectful language in the

formulation of emails, preferring Certified Email addresses for communications related to contractual or pre-contractual commitments, paying particular attention to the management of anomalous and/or suspicious emails.

## 5. SPECIFIC RULES OF CONDUCT FOR EXTERNAL RELATIONS

### 5.1. Relations with the Public Administration

#### 5.1.1. General rule

Relations with the Public Administration, public bodies, Supervisory and Control Authorities, trade unions and public bodies in general must be managed with the utmost fairness, impartiality and independence, as well as with appropriate measures of transparency and integrity and providing the necessary cooperation.

It is therefore forbidden for such persons to conceal information or provide false documents or documents certifying untrue facts, to prevent or in any case hinder the performance of control or inspection activities, also with reference to persons to whom the law confers powers of verification and control (e.g. shareholders, statutory auditors, internal audit service, auditing firms, Supervisory Board, etc.). In particular, in addition to conduct constituting a criminal offence, any conduct which may appear to be intended to exert undue influence in the decision-making process of the external party to the advantage or in the interest of both the Bank and itself must be absolutely avoided.

#### 5.1.2. Commercial dealings with the Public Administration

In the event of business negotiations or relations between the Bank and public entities, all the addressees of this Code are obliged to refrain from any conduct that might compromise the integrity and reputation of the parties or that might be interpreted by an impartial observer as aimed at obtaining improper advantages and favours.

For prior assessments of acts involving gifts, donations in kind, forms of hospitality or any other form of benefit - not of modest value - the Supervisory Board must be involved.

#### 5.1.3. Non-commercial relations with the Public Administration

The same behavioural obligations described above also apply to the Bank's dealings with the Public Administration in any sector (such as, for example: Revenue Agency, Guardia di Finanza (Financial Police), Authorities in charge of labour matters, such as Labour Inspectorate, INPS, INAIL, ASL, Fire Brigade, etc.).

#### 5.1.4. Rules for third party representatives of Banca Popolare di Sondrio in relations with the Public Administration

If the Bank uses consultants or, in any case, parties external to the Bank to represent it in relations with the Public Administration or with public service concessionaires, it must be provided that the third parties involved accept the rules of the Code.

The Bank shall not allow itself to be represented, in dealings with the Public Administration or the concessionaire of a public service, by third parties where this could create situations of conflict of interest.

#### 5.1.5. Public Administration Information System

The Bank requires its employees and associates to show the utmost respect for the hardware and software needed to communicate telematically with the Public Administration.

In particular, it is forbidden to alter the operation of a Public Administration computer or telematic system or to manipulate the data contained therein in any way. It is compulsory to always carry out telematic communications with the Public Administration in compliance with the regulatory and technical instructions provided by it and, in case of doubts, to suspend operations by promptly contacting the system administrator or another qualified person.

The preparation of electronic documents intended for the Public Administration must take place not only in compliance with the general principles of truth contained in this Code, but also through the use of systems and technical means that appropriately guarantee the inalterability of the data they contain.

#### 5.1.6. Relations with the tax authorities and management of tax obligations

Relations with the Financial Administration and with all related control authorities (e.g. the *Guardia di Finanza*) must be based on the principles of truthfulness, fairness and cooperation. In particular, it is expressly forbidden to implement or encourage others to implement corrupt practices of any kind. The same provisions apply to the management of tax obligations.

In the event of inspections, visits and/or audits by the competent authorities, the Supervisory Board should be immediately informed.

#### 5.1.7 Relations with the authorities responsible for verifying compliance with staffing requirements

Relations with the Authorities in charge of verifying the correctness of social security and welfare obligations concerning personnel must be guided by the principles of truthfulness, correctness and cooperation. In particular, it is expressly forbidden to implement or incite others to implement corrupt practices of any kind.

In the event of inspections, accesses and/or audits by the competent authorities, the Supervisory Board should be immediately informed.

#### 5.1.8. Gifts and other means of improper influence

Without prejudice to the foregoing, it is forbidden to offer money, gifts or compensation that exceed normal courtesy practices, as well as to exert undue pressure, promise any object, service, performance or favour to public officials, persons in charge of a public service, managers, officials or employees of the Public Administration or public service concessionaires or their relatives or cohabitants, whether Italian or foreign.

### **5.2. Relations with the judicial authorities**

In relations with the judicial authorities, any person acting in the name and on behalf of the Bank, including any external legal and/or technical advisors, shall comply with the principles of loyalty and integrity set out in Article 88 of the Italian Code of Civil Procedure. It is expressly forbidden to engage in or encourage others to engage in corrupt practices of any kind.

If the Bank is a party or a third party in judicial or extrajudicial proceedings in civil, criminal, administrative or tax matters, the Bank's staff and anyone acting in the name and/or on behalf of the Bank shall not in any way behave - as described above - towards magistrates, clerks or bailiffs, in order to induce such persons to take measures that would unlawfully benefit the Bank.

### **5.3. Relations with the Supervisory Authorities**

The Bank's directors, managers and employees undertake to scrupulously comply with the provisions issued by the competent Authorities for compliance with the regulations in force in the sectors related to their respective areas of activity (e.g. the European Central Bank, the Bank of Italy, Consob, Ivass, Covip, the Personal Data Protection Authority, the Competition and Market Authority, the Inland Revenue Service, the *Guardia di Finanza*, etc.).

When sending any data, communication or report, whether mandatory or optional, the principles of fairness, truthfulness, transparency and diligence shall be adhered to, by carefully checking each communication transmitted.

The aforesaid persons also undertake to comply with any legitimate request from the aforesaid Authorities within the scope of the information and inspection supervision functions carried out by them, providing full cooperation and avoiding obstructive behaviour and lack of cooperation.

In dealings with the Supervisory Authorities, it is expressly prohibited to engage in or encourage others to engage in corrupt practices of any kind.

#### ***5.4. Relations with trade unions and political organisations***

Relations with trade unions and political organisations must be conducted with the utmost transparency and with respect for the roles and prerogatives of each party.

In particular, relations with trade unions must take place in a climate of mutual respect and willingness to engage in dialogue and participation, and must guarantee the greatest possible freedom and representativeness. Any conduct that has produced or is objectively likely to produce an infringement of trade union freedom is prohibited. Any installation and consequent use by the Bank of software for remote control of work activities may only take place with the prior agreement of the competent trade union bodies.

The Bank, in principle and subject to compliance with the rules in force, does not finance or make contributions to political parties in connection with the performance of its institutional activities, either in Italy or abroad, or to their representatives or candidates.

The Supervisory Board must be informed in advance of financial transactions with organisations with which a conflict of interest could arise. Actions of this kind with respect to political parties shall be submitted to the Supervisory Board.

#### ***5.5. Contributions and sponsorship***

The Bank may engage in sponsorship activities provided they are lawful and in its best interests.

These activities - which, by way of example, may relate to the social, environmental, sporting and artistic spheres - must concern events offering guarantees of quality and seriousness and must be adequately documented.

#### ***5.6. Relations with customers, suppliers, consultants***

##### ***5.6.1 Relations with customers***

Staff shall act with fairness, transparency, diligence and professionalism in all dealings with customers. All Bank staff shall endeavour to protect the rights, as well as the interests, of customers, in particular by endeavouring to reduce, where they exist, information asymmetries relating to the products and services offered to or requested by customers. The Bank considers the customers's freedom of choice to be its reference value.

Each staff member is also committed to complying with the rules and objectives institutionally established by the Bank, it being understood that, in any case, deviations are not tolerated, even if they are aimed at achieving the planned budgets.

Among other things, employees are required to ascertain, in accordance with the procedures laid down by law, the identity of persons who approach them to carry out transactions with counterparties with whom they have professional relations. Moreover, they must seek the cooperation of the customer in order to acquire the best knowledge of the latter, in the interest of the customer himself, as well as in order to prevent improper use of the banking and financial system, in compliance with the law.

Adequate assistance must be provided to customers in order to improve their use and facilitate their understanding of the products and services rendered or marketed by the Bank, just as due information must be provided to counterparties on the economic conditions of the products and services offered. When carrying out transactions, every possible precaution must be taken to safeguard the confidentiality of the data and information requested or received.

Any practice of soliciting or even just accepting money or other gifts in any way connected with the company's business relationship is contrary to this Code. However, there are exceptions, such as gifts of modest value, which are customary in customer relations.

In the event of any situation conflicting with the above, such as the receipt of significant gifts, the employee must immediately inform his/her direct superior and the Supervisory Board.

Employees who lend their own money to customers (even without demanding interest), carry out transactions in financial instruments in partnership with them, or demand fees for banking services rendered, commit a serious irregularity, which leads to the application of the disciplinary sanction provided for by the contractual rules in force.

### 5.6.2. Relations with suppliers and external consultants

The choice of suppliers and external consultants is based on criteria of competence, cost-effectiveness, transparency and fairness.

All fees and/or sums paid for any reason for supplies or professional assignments must be adequately documented, proportionate to the activity carried out and in line with the conditions offered by the market.

### 5.6.3. Gifts to customers, suppliers and consultants

In business relations with customers, suppliers and consultants, donations, benefits (both direct and indirect), gifts, acts of courtesy and hospitality are prohibited, unless they are of a nature and value such as not to compromise the Bank's image and cannot be interpreted as aimed at obtaining favourable treatment other than that determined by market rules.

## **5.7. Conduct in relations with the media and information management**

### 5.7.1. Rules of conduct

Relations with the press and other mass media are reserved, in addition to the General Management, for the competent central offices and/or persons expressly delegated for this purpose.

Any request for information from the press or the media received by Bank staff must be communicated, before any commitment to reply to the request is made, to the persons (corporate functions) responsible for external communication.

External communications must follow the guiding principles of truthfulness, fairness, transparency and prudence and must be aimed at fostering awareness of corporate policies and the Bank's programmes and projects. Relations with the mass media must be based on compliance with the law, the Code of Ethics, the relevant protocols and the principles already outlined with reference to relations with public institutions and with the aim of protecting the Bank's image.

### 5.7.2. Confidentiality and external communication

The staff, in compliance with the reference legal provisions in force, as well as with the provisions contained in the internal regulations on the subject, is required to maintain the utmost confidentiality on information

acquired from customers, both current and past, or which in any case is available to them by reason of their function.

Where such information is not confidential, it may be disseminated within the Bank's departments and offices and only to those who actually need to know it for work reasons, but it may not be disclosed to third parties. Access to data stored on computer media must be protected in compliance with the rules in force for the use of "password" systems.

It is forbidden to send confidential data, or data protected by the law on "Privacy", to third parties, even by electronic means, unless it is carried out by adopting suitable security measures or by using appropriate cryptographic tools and, in any case, following the express consent of the service manager.

Confidential information may only be shared, for strict business reasons, in whole or in part with other departments and offices of the Bank, by prior agreement with the head of the office or, if appropriate, with the Head of Internal Audit.

In this context, it is worth recalling the strict prohibition on making any form of investment, whether direct or through an intermediary, which finds its source in confidential company information.

Moreover, acts and documents pertaining to the Bank, or in its possession, containing confidential or reserved information may only be taken off the Bank's premises for reasons connected with the Bank's activity and with the authorisation of the person in charge.

Each employee shall also adopt a similar conduct in the use of personal devices (e.g. mobile phone and/or tablet). Without prejudice to the exercise of political and trade union rights and in compliance with the constitutional principles of freedom of expression, the recipients are required to assess with the utmost care the publication, including via blogs or social networks, and without express authorisation, of any type of news, information and opinion concerning the Bank, since such communications could expose the Bank to risks of various kinds (security, image and reputation).

## ***5.8. Behavioural principles with regard to environmental aspects***

The Bank is aware that the protection of the natural environment in which we live and the implementation of practices that do not adversely affect the environment are a prerequisite for the healthy and sustainable long-term development of the environment in which we operate.

With this in mind, the Bank's approach is based on the rejection of waste and attention to the environmental consequences of the choices made by its employees, with the aim of promoting the principle of environmental sustainability.

Therefore, in carrying out its activities and relations with customers, suppliers, associates and business and non-business partners, the Bank ensures that they are undertaken taking into account environmental and social costs and impacts in order to minimise the negative effects that could fall on the community and the quality of the environment.

In particular, the Bank shall endeavour to:

- a) promote awareness and consciousness among all employees regarding the impacts of human activities on the environment;
- b) encourage the use of more efficient technologies and support energy-saving practices;
- c) minimise waste production, maximise separate collection and optimise disposal choices by favouring recovery;
- d) manage procurement in order to consciously choose suppliers who adopt environmentally sustainable management practices and technologies and provide products and services with a lower environmental impact, with equal capabilities available on reasonable terms;
- e) encourage investment in projects, activities and initiatives that are environmentally sustainable.

**6. ACCOUNTING AND CONTROL*****6.1. Accounting records and financial statements***

All the Bank's operations and transactions must be adequately recorded in the accounts, so as to make it possible to verify the decision-making, authorisation and execution process, as well as the characteristics of and reasons for such operations, and to identify the persons who authorised, carried out, recorded and verified them.

It is forbidden to engage in conduct or to make omissions that could lead to the recording of fictitious transactions or to the misleading recording of operations and transactions.

All Bank staff involved in accounting and reporting functions are required to comply with applicable accounting standards. They are also required to cooperate to ensure that management events are correctly and promptly reflected in the accounts.

For the same purposes, it is compulsory to cooperate with the Board of Statutory Auditors and with the auditing company in charge of the accounting control, promptly complying with any legitimate request coming from such bodies and avoiding omissive and obstructive behaviour.

***6.2. Cooperation in control activities***

Communications addressed to the supervisory bodies (auditors, external auditors and Supervisory Board) must be complete, truthful and correct.

It is prohibited to prevent or in any way hinder the performance of the control activities assigned to the bodies themselves.

**7. CONFIDENTIAL INFORMATION AND PROTECTION OF PRIVACY*****7.1. General principles***

The Bank applies and constantly updates specific procedures to protect information.

Each addressee, with reference to any information acquired as a result of his or her work, is obliged to ensure its confidentiality, also in order to safeguard the Bank's technical, financial, legal, administrative, management and commercial know-how.

In particular, each party is required:

- to acquire and process only such information and data as are necessary for the purposes of the function to which they belong and in direct connection therewith;
- to acquire and process such information and data exclusively within the limits set by the procedures adopted by the Bank in this respect;
- to store data and information in such a way as to prevent unauthorised persons from gaining access to them;
- to disclose data and information in accordance with established procedures or upon express authorisation of hierarchical superiors and, in any case, if in doubt or uncertain, after having ascertained (by addressing superiors or objectively verifying in company practice) the disclosability in the specific instance of the data or information;



- ensure that there are no absolute or relative constraints on the disclosure of data and information concerning third parties linked to the Bank by relationships of any nature whatsoever and, where appropriate, seek their consent.

## 7.2. Protection of privacy

The Bank undertakes to safeguard, in full compliance with the regulations in force from time to time on privacy and personal data protection pursuant to Regulation (EU) 2016/679 of 27 April 2016 ("*General Data Protection Regulation - GDPR*") and the provisions of Legislative Decree no. 196 of 30 June 2003, containing the "Personal Data Protection Code", as amended by Legislative Decree no. 101 of 10 August 2018, or the local laws for foreign companies, the personal data acquired, stored and processed by the Bank in the context of its activities in order to avoid any unlawful, or even improper, use of such information.

With regard to the processing of personal data, the Bank operates in accordance with the following fundamental principles laid down in the above-mentioned legislation:

- *lawfulness, fairness and transparency*: the data subject must be informed of the existence of the processing, its purposes and the related conditions provided for by the GDPR;
- *purpose limitation*: personal data must be collected for specified, explicit and legitimate purposes and not further processed in a way incompatible with those purposes;
- *data minimisation*: personal data must be adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed;
- *Data accuracy and updating*: the personal data being processed must be accurate and, where necessary, updated;
- *storage limitation*: personal data must be kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which they are processed;
- *integrity and confidentiality*: personal data must be processed in such a way as to ensure adequate security, i.e. protection, by appropriate technical and organisational measures, from unauthorised or unlawful processing, as well as from loss, destruction and/or accidental damage of the data.

In particular, the Bank has standard procedures in place in order to:

- provide data subjects with adequate information on the purposes and methods of data processing and storage;
- identify the cases in which the processing, communication and dissemination of data must be preceded by the acquisition of the data subject's consent;
- adopt security measures to prevent the loss, destruction, unauthorised processing or misuse of personal data held by the Bank;
- to establish the implementing rules for the exercise of the rights granted by the legislation in force to the data subjects.

In particular, when processing data provided by customers, the Bank complies with the provisions of the Italian Data Protection Authority's "*Guidelines for the processing of personal data of customers in the banking sector*" (Resolution No. 53 of 25 October 2007), which have been circulated within the Bank.

Any investigation into the ideas, preferences, personal tastes and, in general, the private life of employees and associates is prohibited.

## **8. METHODS OF IMPLEMENTATION OF THE CODE AND PROVISIONS ON SANCTIONS**

### ***8.1. Supervisory Board***

The Bank, as part of the activities to adapt its organisational model to the requirements of Legislative Decree no. 231/2001, identifies, establishes and regulates a body responsible for implementing the principles contained in this Code, namely the Supervisory Board (hereinafter, for the sake of brevity, also referred to as the "**SB**").

The SB pursues its objectives through the following activities:

- supervision of the dissemination within the company of knowledge, understanding and compliance with the Model;
- supervision of the validity and adequacy of the Model, with particular reference to the behaviour observed in the corporate context;
- verification of the effective capacity of the Model to prevent the offences provided for in Legislative Decree 231/2001 from being committed;
- proposals for updating the Model in the event that it becomes necessary and/or appropriate to make corrections and/or adjustments to it, also in relation to changed legislative and/or company conditions;
- regular reporting to the Board of Directors on the activities carried out;
- communication to the Board of Statutory Auditors of any violations committed top management.

In carrying out these activities, the Supervisory Board shall comply with the relevant requirements in accordance with the procedures laid down in its own regulations.

All addressees are required to cooperate with the Supervisory Board in the performance of the activities assigned to them, ensuring free access to all documentation deemed useful.

### ***8.2. Communication and training activities***

This Code is brought to the attention of all stakeholders through appropriate communication and awareness-raising activities.

In order to ensure that the Code is properly understood, the Human Resources Department shall prepare, on the basis of the indications of the Supervisory Board, a communication plan, differentiated according to the role and responsibility of the different addressees, aimed at promoting awareness of the principles contained in the Code.

### ***8.3. Reports***

The Bank shall establish appropriate communication channels through which reports of possible violations of the Code may be forwarded.

The addressees may report any violation of the Code to the Supervisory Board at any time.

The procedures for submitting the above-mentioned reports provide, for Bank employees only, for access to the "Legislative Decree 231/2001" format on the corporate intranet or, for all recipients, for the use of a specific e-mail address (odv231@popso.it).

With reference, on the other hand, to internal reports of unlawful conduct pursuant to Law No. 179 of 30 November 2017 (so-called *whistleblowing*), Bank employees may report violations concerning the issues set out in Legislative Decree No. 231/2001 using the appropriate IT application adopted, in accordance with the provisions of the "*Policy on internal reporting of violations*".

In both cases, the Supervisory Board shall promptly assess the report on the basis of its responsibilities and competences, also by consulting the sender, the person responsible for the alleged breach and any person potentially involved.

The Supervisory Board shall protect those who have forwarded reports from any kind of retaliation or act that might give rise even to the mere suspicion of constituting a form of discrimination or penalisation.

In particular, the Supervisory Board undertakes to ensure the secrecy of the identity of the reporting person, without prejudice to legal obligations.

#### **8.4. Disciplinary procedure**

The Supervisory Board has the task of verifying and ascertaining, directly or through the bodies responsible for verifications, any violations of the duties provided for in this Code and of proposing the consequent sanction to the Board of Directors or to the Executive Committee, providing information to the Board of Auditors.

The procedures for challenging breaches of this Code and imposing the consequent sanctions shall be carried out in full compliance with the provisions of Article 7 of Law no. 300 of 20 May 1970 (the so-called "*Workers' Statute*") or with local laws for foreign companies, and with the provisions of labour agreements and contracts, where applicable, on the subject of counter-arguments and the right of defence of the person charged with the breach.

#### **8.5. Sanctions**

The Supervisory Board, in relation to the seriousness of the unlawful activity carried out by the defendant, shall inform the Board of Directors or the Executive Committee of the proposed sanction, informing the Board of Statutory Auditors thereof, irrespective of any criminal prosecution by the Judicial Authority.

Any breach of this Code shall entail the adoption of disciplinary measures, proportionate in relation to the severity or recidivism of the misconduct or the degree of guilt, in compliance with the provisions of Article 7 of Law no. 300 of 20 May 1970, or of local laws for foreign companies, and with the provisions contained in the applicable labour contracts.

The provisions of this Code also apply to temporary workers.

With regard to suppliers, external associates, consultants and business partners, the Bank shall assess the possible termination of their contracts if it becomes aware of unlawful conduct within the meaning of Legislative Decree no. 231/2001 on their part.

The Bank 's Supervisory Body shall request information from the competent corporate bodies concerning the sanctions imposed in compliance with the Code.

## **9. FINAL PROVISIONS**

### **9.1. Procedure for the revision of the Code**

In case of amendments to the legislation in force, or to the organizational structure of the Bank, and in any case in which it is deemed appropriate, the Supervisory Body shall propose to the Board of Directors of the Banca Popolare di Sondrio the amendments to be made to this Code of Ethics.

Each amending proposal shall be accompanied by a short explanatory memorandum.

The amendments to the Code will be widely disseminated and publicised, in accordance with the general provisions.

***9.2. Entry into force***

This Code (and any subsequent amendments/updates thereto) shall enter into force with immediate effect from its publication on the Bank's website and on the corporate intranet.