

REGULATION GOVERNING THE POLICY FOR THE
MANAGEMENT OF DIALOGUE WITH SHAREHOLDERS
AND INVESTORS OF BANCA SISTEMA S.P.A.
- ENGAGEMENT POLICY -

17 DECEMBER 2021

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1. INTRODUCTION

Banca Sistema S.p.A. (hereinafter, the “**Bank**” or “**Banca Sistema**”), in accordance with the principles and recommendations of the new Corporate Governance Code to which it adheres¹, as well as with the provisions contained in Bank of Italy Circular No. 285 of 17 December 2013 (as last updated in No. 35 of 20 July 2021²), promotes dialogue with its shareholders and investors and with the market.

For Banca Sistema, the adoption of such open and transparent forms of dialogue is conducive to the pursuit of its corporate objectives and strategies, as this creates long-term value for the Bank, for shareholders/investors and for the market as a whole, with a view to increasing transparency and fostering mutual understanding, all elements that are part of a sustainable path of growth and market positioning undertaken by the Bank and the Banca Sistema Group.

Banca Sistema currently implements various activities aimed at fostering dialogue with its shareholders and investors, through communication channels managed by the competent corporate departments, such as, for example: (i) conference calls with financial analysts and potential investors, to illustrate the Bank’s strategy, financial performance, strategic plan, relevant news; (ii) market monitoring and updating activities, through the management of the Bank’s website and social media; (iii) interaction with current and potential investors through dedicated corporate departments and, in particular, the Investor Relations Department, responsible for coordinating, analysing and managing relations and contacts with shareholders and investors; (iv) participation in interviews, institutional events (conferences and roadshows), round tables or other events; and (v) the dissemination of press releases. The main institutional opportunity to meet and discuss with shareholders is represented by the Shareholders’ Meeting, with the use of the participation tools made available to shareholders by the law, and the approval of periodic financial reports.

The objective of this “*Policy for the management of dialogue with all the shareholders of Banca Sistema S.p.A.*” (hereinafter the “**Policy**”) is therefore to set out in a single document, available to the public on the Bank’s website in the Investors/Governance/Corporate Documents section, the policy for the management of dialogue with all shareholders with reference to the multiple forms of engagement that the Bank implements.

This Policy was approved, on the proposal of the Chairperson in agreement with the Chief Executive Officer of the Bank, by the Board of Directors on 17 December 2021, and describes the management procedures and contents of the dialogue between the Bank and its Stakeholders, including on issues falling within the purview of the Board of Directors.

More specifically, the Policy aims primarily to:

¹ Reference is made to Principle IV and Recommendation 3 of the Corporate Governance Code.

² See Part One, Title IV, Chapter I, Section V, where it states that “*Larger and more complex banks, with the exception of wholly-owned subsidiaries, shall have a policy, to be formalised in an internal regulation, for the management of dialogue by directors with shareholders (including institutional investors and asset managers) that defines at least the following: (i) the positions/roles (including company officers) responsible for managing the dialogue; (ii) the timing and manner of dissemination within the bodies in charge of strategic supervision, management and control of information regarding meetings with shareholders and the outcomes thereof; (iii) the safeguards to ensure respect for the confidentiality of information and the rules on inside information; (iv) the differences, where appropriate, between the procedures relating to dialogue established at the initiative of the bank and that established at the initiative of shareholders; and (v) the key issues on which to engage in a dialogue with shareholders, including those regarding strategy, financial and non-financial performance, as well as risks, capital structure, social and environmental impact, and corporate governance. The establishment of such a policy also represents good practice for other banks with ownership structures characterised by the presence of significant minority interests.*”

- a) help the Board of Directors to learn the opinions, expectations and perceptions of all shareholders on issues relating to, among other things, corporate governance and development strategies (business plans), also with a view to the overall sustainability of the path outlined, so that it can take them into account in the performance of its duties;
- b) establish and maintain channels for dialogue and participation with all shareholders in addition to the Shareholders' Meeting which, without prejudice to the powers of the shareholders in that forum, encourage their effective engagement in the life of the Bank;
- c) increase the level of understanding by all shareholders of the Bank's strategy, its results and all financial and non-financial aspects which are relevant to investment decisions and the informed exercise of shareholder rights;

the foregoing, in compliance with the laws and regulations in force on equal treatment in the recognition and exercise of the rights of all shareholders in the same situation, and appropriate measures to ensure transparency, accuracy, timeliness and symmetry in the dissemination of information, avoiding the disclosure of any information that could damage the company's interests.

In summary, with this Regulation, Banca Sistema aims to: (i) foster the stability of investments by shareholders and investors in other financial instruments issued by the Bank; (ii) encourage a path of growth and success for the Bank that is fully sustainable in the medium and long term, through a greater understanding of the corporate objectives by all shareholders and a greater understanding by the Bank of their requests; (iii) promote the establishment of more immediate and transparent dialogue and a greater depth of mutual understanding between the Bank and all shareholders.

In any event, other policies, guidelines or rules of conduct already adopted by Banca Sistema shall remain unaffected.

2. DEFINITIONS

- **“Chief Executive Officer”**: means the member of the Board of Directors to whom powers are delegated, pursuant to and for the purposes of Article 2381 of the Italian Civil Code, with the assignment of the title of Chief Executive Officer (**“CEO”**), as the person primarily responsible for the management of the Bank.
- **“Directors”**: means the members of the *pro tempore* Board of Directors of the Bank.
- **“Shareholders’ Meeting”**: means the meeting of the *pro tempore* Shareholders of the Bank.
- **“Bank”**: means Banca Sistema S.p.A., with its registered office at Largo Augusto, 1A angolo Via Verziere 13, 20122 Milan (MI), VAT no. 12870770158, ABI code: 03158.3.
- **“CEO”**: means the *pro tempore* Chief Executive Officer of the Bank.
- **“CFO”**: means the *pro tempore* Chief Financial Officer of the Bank, who is usually responsible, among others, for the Administration and Financial Statements, Finance, Management Control and Investor Relations Departments.
- **“Circular”**: means Bank of Italy Circular No. 285 of 17 December 2013, in the version in force at the time.
- **“Corporate Governance Code”** or **“Code”**: means the Corporate Governance Code approved by the Corporate Governance Committee established by Borsa Italiana S.p.A. and other trade associations, in the version in force at the time.
- **“Board of Directors”**: means the *pro tempore* Board of Directors of the Bank.
- **“Dialogue”**: the dialogue established by the Bank with its Stakeholders (as defined below), through its competent departments.
- **“Group”**: means the Banca Sistema Banking Group, listed in the Register of Banking Groups - code 3158, of which the Bank is the Parent.
- **“Inside Information”**: means information as defined by Article 7 of Regulation (EU) No. 596/2014 (**“MAR Regulation”**), as referred to in Article 180, letter b-ter) of the Consolidated Law on Finance, of a precise nature, which has not been made public, concerning - directly or indirectly - one or more issuers of financial instruments, which, if made public, could significantly affect the prices of such financial instruments.
- **“Investor Relator”**: means the *pro tempore* Head of the Bank’s Investor Relations Department.
- **“Chairperson”**: means the *pro tempore* Chairperson of the Board of Directors of the Bank.
- **“Policy”**: means this *“Regulation governing the policy for the management of dialogue with all the shareholders of Banca Sistema S.p.A.”*, for the management of Dialogue with Stakeholders.

- **“Points of Contact”**: means the CFO and the Investor Relator of the Bank, as governed by paragraph 4.1 (ii) below.
- **“Regulation”**: means this *“Regulation governing the policy for the management of dialogue with all the shareholders of Banca Sistema S.p.A.”*.
- **“Request for Dialogue”** has the meaning set forth in paragraph 4.2(ii) below.
- **“Stakeholders”**: means the shareholders and other holders of financial instruments of Banca Sistema, and their respective representatives and agents.
- **“Company”**: means Banca Sistema S.p.A.
- **“Consolidated Law on Finance”**: means Legislative Decree no. 58 of 24 February 1998.

3. SCOPE OF APPLICATION

3.1 This Policy governs the traditional means of conducting Dialogue in line with the Circular, the recommendations of the Corporate Governance Code, to which the Bank adheres, and international best practices.

3.2 However, the Policy does not cover: (i) other activities of management of discussions and dialogue carried out by the Bank with parties other than Stakeholders (such as, for example, financial analysts or rating agencies); (ii) the management of Shareholders' Meetings and relations with shareholders during those meetings.

3.3 Under this Policy, the Bank, in managing the Dialogue, operates in accordance with the following general principles:

- **transparency and accuracy:** the information provided to Stakeholders as part of the Dialogue must be clear, complete, accurate, true and not misleading, so that they are able to form an informed and knowledgeable opinion on the issues covered by the Dialogue;
- **punctuality, timeliness and proportionality:** the information provided to Stakeholders as part of the Dialogue must be communicated in a timely manner and, in any case, in such a way as to allow the said Stakeholders to exercise their prerogatives or powers, taking into account the laws in force and the Company's operations;
- **equal treatment and fairness:** the Dialogue must take place in full respect of equal treatment of Stakeholders who are in the same situation, with the transmission of information through appropriate and easily accessible means of communication;
- **consistency with corporate interests:** communication and management of information as part of the Dialogue should be consistent with the Bank's interests and the pursuit of its corporate strategies and of sustainability;
- **compliance:** each stage in the management of the Dialogue shall be conducted in compliance with the applicable legal and regulatory provisions, with particular reference to the provisions governing selective information, the processing of Inside Information, market abuse and the general obligation of confidentiality, as well as with the policies, guidelines and rules of conduct defined and/or adopted by the Bank, at all times encouraging cooperation and transparency towards the institutions, supervisory authorities and control bodies, whether internal or external to the Bank.

3.4 The issues that may be addressed in the Dialogue concern matters falling within the purview of the Board of Directors of Banca Sistema. By way of example, the Dialogue may address issues concerning:

- the strategy of the Bank and the Banca Sistema Group;
- financial and non-financial performance;
- the Internal Control and Risk Management System;
- capital structure;
- corporate governance;
- the contents of the Business Plan;
- the performance of shares and other financial instruments issued by the Bank;
- the business outlook and financial targets.

4. PARTIES INVOLVED IN THE DIALOGUE AND RESPONSIBILITIES

4.1 The Board of Directors

- i. The Board of Directors, which has delegated the management of the Dialogue to the CEO, supervises the Dialogue and plays a guiding and monitoring role with regard to the correct application of the Policy and compliance with the regulations in force at the time in relation to the matters and activities governed by the Policy.
- ii. Without prejudice to the provisions of paragraph 4.2 (iv) below, the Board of Directors retains the power to take upon itself, at any time, the power to resolve on any matter relating to the Dialogue and/or to delegate other persons to carry out activities in relation to specific dialogues, conferring appropriate means and powers upon them on a case-by-case basis.
- iii. Every year the Board of Directors assesses the adequacy of the Policy, including in relation to any changes in the regulations in force at the time and in best practices, in order to evaluate possible amendments to the Policy. The Policy is, in any case, subject to review, in accordance with the provisions of Article 7 below, should events or changes within or outside the Bank make it necessary, appropriate or otherwise desirable.

4.2 The CEO

- i. The CEO manages the Dialogue with Stakeholders operationally, with the support of the Investor Relator, as described in more detail in the following paragraphs.
- ii. To this end, the CEO shall assess, with the support of the Investor Relator, in the manner indicated in paragraph 5.2. below, any request received from a Stakeholder concerning the establishment of a Dialogue with the Bank (the “**Request for Dialogue**”), considering the Bank’s best interests and with a view to pursuing the objectives of this Policy, establishing whether such request can be accepted (and if so, when and how) or must be rejected, providing instructions to the Investor Relator so the latter can report back to the Stakeholder who made the request. In such cases the provisions set out in paragraph 5.2 below shall apply.
- iii. The CEO assesses whether to undertake initiatives aimed at fostering or encouraging Dialogue with Stakeholders. The Points of Contact support the CEO in organising such initiatives and defining the contents of the Dialogue and the methods of communication to Stakeholders.
- iv. The CEO shall define, with the assistance of the Points of Contact and in accordance with the principles set out in paragraph 3.2 above, the practical arrangements for the Dialogue with Stakeholders, in terms, for example, of (a) a choice between in-person meetings (to be preferred where possible) and the use of remote means of communication; (b) one-way discussion (i.e. with only the Stakeholders presenting their views on specific issues to the Directors) or two-way discussion (i.e. with an effective exchange of information between the Stakeholders and the CEO), bilaterally (with the participation, on a case-by-case basis, of a single Stakeholder) or collectively (with the simultaneous participation of several or all Stakeholders); (c) definition of the number of meetings to be scheduled and of any managers or employees with special skills or expertise, overseeing the management and storage of the documentation relating to the Dialogue established with the Stakeholders.

- v. The CEO shall promptly inform the Board of Directors of any deviation from the Policy highlighted by Stakeholders in the management of the Dialogue.

4.3 The Chairperson

- i. Within the scope of his/her powers and responsibilities, pursuant to the law, the Articles of Association and the Corporate Governance Code, the Chairperson ensures that the Board of Directors is kept constantly informed by the CEO, before the next meeting and in any case at least on a quarterly basis, on the development and significant content of the Dialogue with the Stakeholders, also providing any clarifications and additional information that may be requested by the Directors or the Board of Statutory Auditors during the meetings. To this end, the Chairperson coordinates with the CEO and acts with the support of the Points of Contact.
- ii. The Chairperson shall formulate for the CEO any initiatives aimed at fostering or encouraging the Bank's Dialogue with the Stakeholders.
- iii. The Chairperson is responsible for drawing up proposals for amendments to the Policy to be submitted to the Board of Directors and acts with the support of the CEO for this purpose. The provisions of Article 7 below shall apply in such cases.
- iv. In the event of the Chairperson's absence or incapacity, the functions attributed to him/her by this Regulation shall be taken over by the Deputy Chairperson, in accordance with the Articles of Association, or by another Director appointed *ad hoc* by the Board of Directors. In both these cases, such persons shall inform the Chairperson without delay of the results of the activities carried out and coordinate with the latter in order to report on the matter to the Board of Directors at the next meeting.

4.4 The CFO and the Investor Relator (Points of Contact)

- i. The CFO and the Investor Relator provide operational support to the CEO in managing the Dialogue with the Stakeholders. Specifically, on the basis of the guidance provided by the CEO:
 - 1. The CFO (i) supervises the organisation of initiatives aimed at fostering or encouraging Dialogue with Stakeholders and (ii) defines the concrete methods of participation in meetings with Stakeholders.
 - 2. The Investor Relator (i) collects Requests for Dialogue from Stakeholders, including those addressed to individual members of the Board of Directors, and transmits them to the CEO for the relevant assessments as per paragraphs 4.2 (ii) and (iii) above; (ii) manages the ongoing flow of information between the Bank and the Stakeholders; (iii) contributes to the definition of the information to be provided to the Stakeholders, and (iv) proposes, coordinates and organises the Bank's initiatives aimed at fostering or encouraging Dialogue with the said Stakeholders.
- ii. In carrying out their tasks, the Points of Contact coordinate, as necessary, with other corporate departments and/or other structures of the Bank, and report promptly to the CEO.

5. DIALOGUE MANAGEMENT PROCEDURES

Interaction between Banca Sistema and Stakeholders may take place in different ways.

5.1 Dialogue between Stakeholders and the Bank.

- 5.1.1. The Bank is involved in forms of direct Dialogue with Stakeholders, to be carried out in accordance with the provisions of paragraph 5.2.2 below and in compliance with the principles set out in paragraph 3.2.
- 5.1.2. Dialogue between Stakeholders and the Bank may take place in the manner provided for in this Policy and may be initiated:
- i. **upon written request by the Stakeholder** (i.e. Request for Dialogue), to be addressed to the Investor Relator, using the information and contact details indicated on the Bank's website (in the Investors/Contacts section). The Request for Dialogue must expressly indicate: (i) the subject or subjects on which the Dialogue is being requested; (ii) a foretaste of the possible position/opinion of the requesting Stakeholder on the aforesaid subjects; (iii) the reasons why the Dialogue with the Bank is deemed necessary, indicating any other forms of dialogue or discussion already held with the Bank, specifying the corporate departments involved and the results of such dialogue or discussion; (iv) the way in which the Dialogue is proposed to be conducted (one-way, two-way, bilateral or collective); (v) the representatives of the Stakeholders who intend to take part in the Dialogue, specifying their role within their organisation and the relevant contacts;
 - ii. **at the Bank's initiative**, by the CEO, with the support of the Investor Relator, also at the specific request of the Chairperson or at the request or initiative of the Board of Directors, through the organisation of conference calls or meetings (bilateral or collective) with the Stakeholders, which may be attended, where appropriate, by senior managers and/or the heads of the competent corporate departments.
- 5.1.3 In order to decide whether to accept or reject a Request for Dialogue received, or whether to initiate a Dialogue, as well as to determine the manner in which it should be carried out, the CEO may take into account, *inter alia*:
- the relevance that the Request for Dialogue may have for other Stakeholders;
 - prior activation of any other forms of dialogue on the same subjects;
 - the timeliness and relevance of the Request for Dialogue to the issues and/or activities indicated in paragraph 3.3 above;
 - the reasons given by the Stakeholder who made the Request for Dialogue and the existence of possible conflicts of interest;
 - the characteristics and size of the requesting Stakeholder and/or the size and nature of its investment in the Bank;
 - any recommendations by proxy advisors, the engagement policies of asset managers and institutional investors, as well as the outcome of previous shareholder votes;
 - the actual relevance of the Dialogue to the sustainable success and long-term value creation of the Bank or the Group.

- 5.1.4 The CEO may decide to entrust the Board of Directors with the assessment of the Request for Dialogue received from the Stakeholder pursuant to the preceding paragraph, for the purpose of its acceptance or otherwise, or the examination of other specific aspects relating to the Dialogue, with the requesting Stakeholder or with any other Stakeholder, in relation to aspects of particular relevance or in the presence of exceptional or problematic circumstances (for example, where there are significant conflicts of interest). In any event, the CEO shall inform the Board of Directors of any decision to reject a Request for Dialogue in the quarterly reports referred to in paragraph 4.3. (i) above, in all cases in which the Board has not been entrusted with the relevant decision.
- 5.1.5 In order to ensure the consistent management of Requests for Dialogue, individual Directors who have directly received a Request for Dialogue from a Stakeholder shall not engage in a Dialogue with the requesting Stakeholder but shall promptly forward such Request for Dialogue to the Investor Relator, who shall inform the CEO as provided for in paragraph 4.4. (i)2 above.

5.2 Routine channels of communication with the market and the financial community

- 5.2.1. The Bank shall ensure the systematic dissemination of comprehensive and timely information on its activities, without prejudice to the confidentiality requirements that some information may have. With this in mind, information for Stakeholders and the media is ensured by press releases, social media, periodic meetings, interviews and conference calls with shareholders or potential investors, the financial community and the press, as well as by extensive documentation and numerous publications made available and constantly updated on the Bank's website.
- 5.2.2. With the aim of providing full and detailed disclosure of financial data and strategies, the Bank's top management presents its business results and strategy to the market through dedicated conference calls.
- 5.2.3. The Investor Relator, possibly with the support of dedicated corporate departments, coordinates and promotes the Dialogue with shareholders and investors through meetings, presentations, investor days, participation in industry conferences, roadshows, conference calls or virtual meetings.

6. CHARACTERISTICS OF INFORMATION AND DISCLOSURE

- 6.1** The information provided to Stakeholders as part of the activities governed by this Policy shall in any event comply with the legal and regulatory obligations in force at the time, as well as with the policies and rules of conduct defined and/or adopted by the Bank. In particular, the Dialogue is always managed in compliance with the provisions concerning the selective disclosure of Inside Information, pursuant to and for the purposes of the MAR Regulation, with particular attention being paid to avoiding the disclosure of material information (i.e. information that is likely to become inside information) or information which, by its nature or due to contractual obligations, is to be considered confidential, including information that could harm the interests of the Bank or its shareholders, investors or stakeholders.
- 6.2** The CEO shall assess whether and how to make public (i) the information provided to the Stakeholders as part of the Dialogue established with them pursuant to this Policy; (ii) the Requests for Dialogue made by the Stakeholders to the Bank; (iii) the reasons for rejecting the Requests for Dialogue. The CEO, in agreement with the Chairperson, may decide to refer the decision to publish or not to publish such information to the Board of Directors.
- 6.3** The information provided as part of the Dialogue shall in any event be disclosed by the Bank in compliance with the principles set out in paragraph 3.2 above, in a suitable manner that is easily accessible to all and consistent with the Bank's interests; such disclosure shall be made by the Investor Relator, in agreement with the CEO.
- 6.4** This is without prejudice to the liability of Stakeholders for any use of information received from the Bank as part of the Dialogue that constitutes a breach of legal or contractual obligations or is otherwise detrimental to the interests of the Bank or of third parties.

7. APPROVAL AND REVIEW

- 7.1** This Policy was adopted by the Board of Directors of the Bank on 17 December 2021, on the proposal of the Chairperson in agreement with the CEO. The Policy is therefore effective as from that date.
- 7.2** The Board of Directors shall review the Policy at least once a year, to ensure that it is up to date with any changes in the laws and regulations applicable at the time, in good application practice in the financial markets, and in the structure of the Bank.
- 7.3** The Policy is, in any case, subject to review, should events or changes within or outside the Bank make it necessary, appropriate or otherwise desirable. In such cases, in the event of amendments of a substantial nature or of particular relevance, it shall fall to the Chairperson, in agreement with the CEO, to formulate a proposal to the Board of Directors. Otherwise, in the event of amendments imposed by mandatory rules or those that do not require assessments of a substantial nature, the CEO, in agreement with the Chairperson, shall do so autonomously and inform the Board of Directors before the next meeting. The amendments shall enter into force as of the date of publication on the Company's website, in the Investors/Governance/Corporate Documents section. A description of the Policy and its implementation can be found in the Annual Report on Corporate Governance.

8. CONTACTS

The contact details of the departments and structures responsible for managing Dialogue, each within the limits of their respective responsibilities, as described in this Policy, are published on the Bank's website in the Investors/Overview IR/Contacts section.