



MEDIOBANCA

## SUMMARY OF MEDIOBANCA GROUP POLICY FOR MANAGING MONEY-LAUNDERING AND TERRORIST FINANCING RISK

JUNE 2018



## General principles of the model for managing the money-laundering and terrorist financing risk

In order to ensure that the anti-money-laundering and counter-terrorist-financing ("AML/CFT") obligations are complied with correctly, the Mediobanca Group, in respect of the principle of proportionality and on a risk-based approach:

- ◆ adopts suitable processes, instruments and controls to allow the reference regulations to be fully complied with;
- ◆ lays down clear, objective, regularly reviewed and updated assessment systems and decision-making processes in relation to client profiling activities, which ensure consistency of conduct within the structure and allow activities and checks carried out to be tracked;
- ◆ guarantees adequate, exhaustive and timely information flows from and to the governing bodies, senior management and control and operations units;
- ◆ arranges training and education programmes to ensure staff are continuously updated.

In particular the Mediobanca Group:

- ◆ analyses and regularly assesses the money-laundering and terrorist-financing ("ML/FT") risk to which it is exposed in the performance of its activities;
- ◆ performs all due diligence activities with respect to parties with which ongoing relations are being established/transactions are being executed;
- ◆ assigns the same risk profile to customers shared by more than one Group company<sup>1</sup>, which will be the highest among the profiles assigned by the various companies;
- ◆ establishes specific internal authorization processes and enhanced behavioural review measures for relations/transactions with parties with a "high" risk profile;
- ◆ does not entertain relations or carry out transactions with shell banks (banks that have no meaningful mind and management located within the country in which they are incorporated and licensed, and which are unaffiliated with a regulated financial group that is subject to effective consolidated supervision), with trust agencies and companies, trusts, anonymous companies or companies controlled through bearer shares, headquartered in high-risk third countries;
- ◆ adopts all the necessary measures to establish and verify the identity of its customers and beneficial owners;
- ◆ applies enhanced measures in cases of increased ML/FT risk, whether mandatorily required by the regulations or the result of a discretionary assessment, in cases where requests for information have been received as part of relevant enquiries made by the authorities, or in cases which involve persons who are or have been entrusted with prominent public functions (politically exposed persons or PEPs);

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<sup>1</sup> Without prejudice to any confidentiality limits set by the local applicable regulations to the circulation of information.



- ◆ refuses to execute transactions which involve in any way parties included in applicable national or international anti-terrorism blacklists (e.g. EU regulations or UN resolutions);
- ◆ constantly checks that its customers and their relevant persons have not been included in international blacklists;
- ◆ regularly monitors the lists – supplied by an external provider – containing the names of parties involved in crimes relevant for AML/CFT purposes;
- ◆ requests, on a risk-based approach, specific declarations from the client on the fulfilment of fiscal obligations<sup>2</sup>;
- ◆ controls outgoing and incoming money transfers (“controls on payers and payees”), and assesses unusual movements based on indicators of similarity with the TF lists;
- ◆ ensures sharing at Group level of the names of parties reported to the national authorities in connection with suspicious transactions.

Adequate management of the ML/TF risk at Group level is further ensured by the following factors:

- ◆ for the Italian Group companies, identification and appointment of a Group Head of Anti-Money-Laundering and a Group head of suspicious transactions reporting, in the person of the Group Head of Anti-Money-Laundering;
- ◆ regular reports between the Group AML Unit and the governing bodies of the Italian Group companies;
- ◆ regular reporting flows between the non-Italian Group companies' AML units and the Group AML Unit;
- ◆ harmonization of certain aspects of ML/TF risk assessment (e.g. grey/blacklisted countries, use of the same name-detecting databases, adoption of shared Group operating guidelines);
- ◆ implementation by all Group companies of the model for managing ML/TF risk described in the Document.

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<sup>2</sup> E.g. when the funds come from tax havens.