



FIDEURAM
ASSET MANAGEMENT IRELAND

ANTI-CORRUPTION GUIDELINES

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INTRODUCTION

Fideuram Asset Management (Ireland) dac, (hereinafter “FAMI” or the “Company”), as part of Intesa Sanpaolo Group (hereinafter the “Group”) is committed to fighting corruption in all its forms, where corruption refers to the offering or acceptance, directly or indirectly, of money or other benefits capable of influencing the receiver, in order to induce or reward the execution of a function/activity or the omission thereof. It therefore covers both “active corruption” (offering) and “passive corruption” (acceptance), and the case that a public body is involved (“public corruption”) as well as relations between private individuals (“private corruption”), whether corruption that is aimed at performance of an act that is a breach of one’s own official duties (“direct corruption”) or that which has as its purpose the performance of an act by one’s office (“indirect corruption”), whether “pre-existing corruption” or that which is “subsequent” to performance of the office duties.

These Guidelines, in coherence with the Group Anti-Corruption Guidelines, identify the principles, identify the sensitive areas and define the roles, responsibilities and macro processes for managing the risk of corruption by FAMI as part of its own business activities. Moreover, FAMI, in the context of its active collaboration in the fight against corruption and in order to safeguard its image among all key stakeholders, monitors the operations in which it takes part as a mere executor of instructions from customers by making use of the anti-money laundering and terrorist financing risk control system, provided for the management of the obligations arising from the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010, as amended by Part 2 of the Criminal Justice Act 2013, that transposes the EU Third Money Laundering Directive (2005/60/EC) and its Implementing Directive (2006/70/EC) into Irish law and the Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Act 2018 which transposes the EU Fourth Money Laundering Directive (2015/849) into Irish law, collectively referred to as (“the Acts”).

These Guidelines are to be respected by the corporate officers and all the personnel of FAMI and its UK Branch. Also required to observe the principles contained in this document, if applicable, are the external stakeholders (suppliers, agents, consultants, professionals, business partners, self-employed or quasi-employees, etc.) that assist FAMI in the execution of its activities (hereinafter “third parties”).

1 REGULATORY FRAMEWORK

1.1 External regulations

The approach to combating corruption by the Intesa Sanpaolo Group is guided by the fundamental principles contained in the applicable conventions as well as international best practices. In this framework the following references are of particular importance:

- Organization for Economic Cooperation and Development (OECD), “Convention on Combating Bribery of Foreign Public Officials in International Business Transactions”, 1997;
- United Nations Organization “Convention Against Corruption”, adopted by Resolution 58/4 of 31 October 2003;
- Council of Europe, “Criminal Law Convention on Corruption” and “Civil Law Convention on Corruption”, 1999;
- EU Council, “Council Framework Decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector”, 2003;
- The Wolfsberg Group, “Wolfsberg Anti-Corruption Guidance”, 2011;
- International Chamber of Commerce, “ICC Rules on Combating Corruption”, 2011;

- Transparency International, “Business Principles for Countering Bribery, a Multi-Stakeholder Initiative led by Transparency International”, 2013;
- G-20, “2015-16 G20 Anti-Corruption Implementation Plan”, 2014.

The approach adopted also takes into account specific Italian as well as Irish and United Kingdom legislation and in particular:

- Law no. 190 of 6 November 2012;
- Articles 318 “Bribery relating to the exercise of duties”, 319 “Bribery relating to an act contrary to official duties”, 319-ter “Bribery in judicial proceedings”, 319-quater “Illegal influence to giving or promising benefits”, 322 “Incitement to Bribery”, 346-bis “Trafficking of illegal influences” of the Criminal Code;
- Articles 2635 “Corruption among private individuals” and 2635-bis “Instigation to corruption among private individuals” of the Italian Civil Code.
- Criminal Justice (Corruption Offences) Act 2018
- UK Bribery Act 2000

1.2 Internal Regulations

This document also is part of the broader body of Group regulations in which the following are highlighted as related regulations:

- the Group Code of Ethics
- the Group Internal Code of Conduct
- the Group Compliance Guidelines;
- the Administrative and Financial Governance Guidelines;
- the Group Procurement Guidelines
- the Group Rules on internal systems for reporting violations (whistleblowing).

2 GUIDING PRINCIPLES

2.1 General principle of “Zero Tolerance”

FAMI carries out its activities with the aim of providing financial services to its customers while observing the value of integrity, which is in turn applied to the principles of professionalism, diligence, honesty, fairness and responsibility. In line with these principles - and in keeping with the values and restrictions contained in the Group Code of Ethics, the Group Internal Code of Conduct - FAMI:

- shall not tolerate any kind of corruption, in any manner, shape or jurisdiction in which it should occur, even if such activities were to be possibly accepted, tolerated or not challenged in accordance with the regulations in the countries where FAMI operates;
- shall not tolerate any conduct which has as its object the offer or acceptance of money or other benefit - directly or indirectly - with the aim of inducing or rewarding the performance of a task/activity or omission thereof. Such conducts are not tolerated even by reference to payments of small amounts in order to accelerate, promote or ensure the execution of a routine activity or one otherwise provided within the scope of the duties of the recipient (known as Facilitation Payments). Among the benefits that can't be granted are, for example, presents and services given free of charge (except for those provided as gifts, entertainment expenses and charities), the undue hiring of a person, the disbursement of credit under terms not compliant with the principles of sound and prudent management and, more generally, all transactions involving the generation of a loss for FAMI and creating a profit for the recipient (e.g. unjustified cancellation of a debt position and/or applications of discounts or conditions which are not in line with market parameters).

FAMI personnel who are the recipients of, or become aware of, a request or offer of money or other benefits, formulated by anyone, aimed at fulfilment or omission of a function/activity, must immediately report it to their direct superior; the latter in turn has an obligation to transmit the report received to the Company's Anti-Corruption Manager and to the Internal Audit function for appropriate evaluation of the case. It retains the possibility to use the reporting systems required by the "Rules on internal systems for reporting violations (Whistleblowing)".

FAMI's personnel who are involved in a corrupting act or facilitate conduct or act in a manner not in compliance with legal provisions and/or these Guidelines, shall be subject to disciplinary action as provided for by the rules and contractual provisions governing the specific employment relationship. The type and extent of the penalties are defined, in accordance with applicable legislation, by taking into account the degree of carelessness, unskilfulness, negligence, fault or intent of the behaviour linked to the action/omission, while also taking into account any recidivism, as well as the work performed by the person concerned and their functional position, together with all the other special circumstances that may have characterised the act.

Similarly, with reference to external parties, FAMI shall end any kind of relationship with third parties which - in their relations with FAMI - act in violation of the legislation on the fight against corruption, including these Guidelines, as required by specific clauses included in contracts, without prejudice to reserving the right to seek compensation if such conduct should cause material damage to FAMI.

Any violations by components of administrative or control bodies within FAMI are analysed by the membership body in order to undertake initiatives deemed appropriate in relation to this case, in accordance with Irish regulations.

The penalty system is independent of the commencement, conduct and definition of any possible criminal prosecution, because the principles and rules set out in these Guidelines have been defined by FAMI independently from any criminal offences that the prohibited conduct may determine.

2.2 Areas at greatest risk

FAMI has identified, from the relevant international standards, the following areas in which there is a greater risk of, or which may be instrumental to the commission of, corrupting behaviour:

- gifts and entertainment expenses;
- charity donations and sponsorships;
- relationships with third parties (suppliers and others who collaborate with FAMI);
- purchase, management and disposal of investments and other assets;
- hiring of staff;
- purchase, management and sale of real estate.

In these areas, in order to ensure the implementation of the general principle of "zero tolerance" against corruption, FAMI must follow, in the management of operational processes, the following general rules:

- separation of duties by adequately allocating responsibilities and establishing appropriate authorisation levels in order to avoid functional overlaps or operating allocations that concentrate activities on a single person;
- clear and formalised allocation of powers and responsibilities, expressly indicating the limits of those powers and consistent with the duties assigned and positions covered within the organisational structure;
- appropriate procedures for performing the activities;
- traceability of the acts, operations and transactions through an appropriate paper or electronic trail;

- decision-making processes linked to preset objective criteria (e.g.: the company keeps registers of approved suppliers, objective staff assessment and selection criteria are in place, et cetera);
- control and supervisory activities on company transactions are in place and traceable.

For effective anti-corruption activities it is also essential to respect the administrative and accounting procedures and those relating to internal controls regarding financial flows, so as to ensure that payments and transactions are accurately recorded and reflected in the books and records of the company concerned. To this end, the Group has defined organisational rules and controls as well as specific Administrative and Financial Governance Guidelines, to ensure a true and fair view of the equity, economic and financial results from management operations.

Finally, in the areas for which the risk of corrupting behaviour is particularly sensitive, FAMI, as a further preventive measure, considers staff turnover in relations with third parties.

2.2.1 Gifts and entertainment expenses

FAMI does not tolerate the use of free gifts and representation expenses in order to influence the independence of judgement of the recipient or in any way induce them to confer favours and, therefore, it is forbidden:

- to distribute gifts, promise or grant benefits of every kind that can be interpreted as exceeding the normal practice of commercial and/or institutional courtesy, or as a means used in order to obtain favourable treatment in the performance of any function and/or activity connected with FAMI;
- to accept for themselves or for others any gifts exceeding a modest value or any other benefit that falls outside the ordinary practice of commercial and/or institutional courtesy or otherwise is aimed at compromising independence of judgement and fair practice.

Acts of commercial and/or institutional courtesy of modest value refers to gifts or any other benefits (e.g. invitations to sporting events, shows and entertainment, free tickets, etc.), coming from or destined to the same person/institution, that do not exceed the value of €150 in a calendar year. Any gifts or other benefits exceeding the value of €150 may be permissible in exceptional cases, taking into account the profile of the donor and/or recipient, and in any event within reason, with authorisation from their hierarchical superior at least equivalent to Head Office or Regional Department or equivalent from the corporate structure.

The amount limits set on an annual basis for gifts and other benefits shall not apply to entertainment expenses related to events and forms of welcome and hospitality (including lunches, receptions and dinners), which involve the participation of corporate officers and staff of FAMI, as long as they are strictly related to business or institutional relationships and are reasonable with respect to commonly accepted practices.

Under no circumstances may gifts consist of money. The gifts and other benefits distributed by FAMI to the same person/entity must be reconciled as far as possible to company standards (branded gifts, gift catalogue).

In any case, the following minimum standards must be observed:

- gifts and entertainment expenses must be covered by specific internal regulations governing the roles, responsibilities and spending entitlements;
- gifts and entertainment expenses must be properly monitored (with indication of their nature and purpose, recipient, type and value of gift/expense, authorisation if necessary); monitoring is not required in the case of gifts or other benefits received by corporate officers or employees

of FAMI coming from the same person/institution which do not exceed the value in a calendar year of €150.

2.2.2 Charity donations and sponsorships

FAMI does not use charity donations and sponsorships aimed at obtaining favourable treatment and thus, in such activity, works in a transparent and accountable manner, by adopting procedures to prevent potentially corruptive conduct.

In any case, the following minimum standards must be observed:

- charity donations and sponsorships must be covered by specific internal regulations governing the roles, responsibilities and spending entitlements;
- disbursements by way of charity donations or sponsorship may only have as beneficiaries those institutions properly constituted in accordance with the law and whose activities are not contrary to the ethical principles of FAMI; in the case of charities, such institutions may not be for-profit;
- any sponsorship initiatives may not simultaneously be subject to disbursements as charity donations;
- likewise, no charitable contributions or sponsorships may be given to political parties and movements and their subsidiary organisations, trade unions and welfare associations (patronati), clubs (e.g. Lions, Rotary, et cetera), recreational associations and groups, private schools, private schools legally equivalent to public schools and/or legally recognised schools, except for particular initiatives of special social, cultural or scientific value; which must be approved by the company's Anti-Corruption Manager;
- due diligence must be carried out on the beneficiary institution aimed at:
 - analysing the type of institution and the purpose for which it was created;
 - checking the reliability and reputation of the beneficiary institution, with particular attention to criminal records and/or charges;
 - verifying whether the beneficiary institution meets the requirements for operating in accordance with the provisions of applicable law;
 - identifying any risks which may be associated with the beneficiary;
- the beneficiary institution must formally commit to respect the applicable anti-corruption legislation and the principles contained in these Guidelines;
- all disbursements must be approved by the units that are empowered/authorised for this purpose, in accordance with the current system of powers and delegation;
- disbursements may be recognised only on a current account held by the beneficiary institution; it is not permitted to make payments in cash, in a country other than that of the beneficiary institution or to a party other than the same;
- monitoring must be ensured of the initiatives and the archiving, including telematic or electronic format, of all the documentation relating to the obligations undertaken within the framework of the management of charity donations and sponsorships (nature and purpose, checks carried out, approval process, mode of disbursement), so as to allow reconstruction of the related reasons and responsibilities.

2.2.3 Relationships with third parties (suppliers and others who collaborate with FAMI)

FAMI establishes relationships with third parties – suppliers, agents, consultants, professionals, business partners, the self-employed, quasi-employees or other parties who shall assist FAMI for the implementation of its activities (including social initiatives) – on the basis of assessments of professionalism, competence, competitiveness and integrity, and acts with the utmost fairness in these relationships, adopting procedures aimed at preventing potentially corrupting conduct.

In any case, the following principles must be observed:

- the start of the relationship must be preceded by due diligence aimed at:
 - identifying, in the case of companies, the chain of control, its beneficial owners and persons who perform management and control activities as well as its economic/financial situation;
 - checking the reliability and reputation of the third party, with particular attention to criminal records and/or charges; in the case of companies, legal entities and associations, the check must be made with respect to their beneficial owners and those who perform management and control activities;
 - determining the capabilities and experience required for the execution of the contract;
 - verifying whether the third party meets the requirements for operating in accordance with the provisions of applicable law;
 - identifying any risks which could be associated with the third party;
- the contract that governs the relationship must contain a commitment from the third party to comply with the applicable anti-corruption legislation and the principles contained in the present Guidelines, with FAMI being entitled, in the event of default, to demand early termination of the relationship and compensation for any damage;
- the contract that governs the relationship must contain a commitment from the third party to report to the Company's Anti-Corruption Manager any request for money or other benefits, received by the third party, by whoever made, or of which it has become aware, aimed at the performance or omission of a function/activity in relation to the performance of the contract;
- payments must be made exclusively on an account held by the third-party account holder which preferably should be opened with a Group bank. In the event of opening accounts with the Group, the due diligence obligations relating to the chain of control, the beneficial owners, the persons that perform management and control activities and the reputation of the third party as defined above, are considered to be waived;
- it is not permitted to make payments in cash or payments in a country other than that where the third party is based or to a party other than the latter.

As regards the purchasing procedures of goods and services and the assignment of professional duties (e.g. legal, tax, technical, labour law, administrative, organisational consulting, brokerage, agency or other similar mandates, etc.), the following additional minimum standards must be met:

- procurement processes for goods, services and professional services must be covered by specific internal regulations governing the roles, responsibilities and spending entitlements;
- approval of the purchase request, supplier selection, conclusion of the contract and issue of the order shall be exclusively carried out by persons specifically empowered under the existing power and delegation system,
- the choice of the suppliers of goods and services and of freelance professionals is made from lists of suppliers selected on the basis of criteria identified in the internal set of rules, through a tender or otherwise through the acquisition of additional offers; internal regulations identify in which cases it is possible to depart from this principle due to specific needs and with justified reasons (such as specific consulting assignments and legal services); due diligence process is mandatory anyway;
- any subcontracting of supplies of services/activities to third parties shall be contractually conditional on prior approval by the FAMI;
- to authorise the payment of the invoice/parcel is up to the individuals vested with the relative spending authority and must be supported by a certificate regarding the quality of the supply/performance of the contractual terms and the consequent adequacy of the amount requested; in any case it is not permitted to make payments that are not adequately justified in the context of the contractual relationship;
- the activities relating to the different phases of the process must be carried out by different and clearly identifiable persons, and must be supported by a maker and checker mechanism;

- the monitoring of activities must be guaranteed (with particular reference to the rationale for the selection of the supplier of goods and/or services or the professional as well as the relevance and adequacy of expenditure) as well as the archiving, including telematic or electronic format, of all documentation inherent to the obligations undertaken within the framework of the process of procurement of goods, services and professional services, in order to allow the reconstruction of the reasons for the choices and the related responsibility.

2.2.4 Purchase, management and disposal of investments and other assets

FAMI does not tolerate non-transparent behaviour, designed to obtain or grant preferential treatment, as part of the purchase, management and disposal of investments (direct or indirect, qualified or unqualified in the share capital of other companies and other forms of investment similar) as well as other assets (for example non-performing loans, business units, assets and legal relationships identified as a block). This principle, in particular, affects the following areas:

- examination of the feasibility of the transaction and/or identification of business opportunities;
- management of pre-contractual relationships and performance of activities preliminary to the signing and execution of contracts;
- management of procedures linked to the purchase, management and sale of investments and other assets.

In any case, the following minimum standards must be observed:

- processes for the purchasing, management and sale of investments and other assets must be covered by specific internal regulations governing the roles, responsibilities and spending powers;
- appropriate levels of authorisation must be assigned, with the identification, within the power and delegation system, of parties who can exercise the authorisation and/or negotiating powers in the pre-contractual, contractual and management stage of relationships;
- due diligence must be carried out on investment enterprises and the counterparty, according to criteria similar to those adopted for third parties;
- the activities relating to the different phases of the process must be carried out by different and clearly identifiable persons, and must be supported by a maker and checker mechanism;
- monitoring of activities must be guaranteed as well as the archiving, including telematic or electronic format, of all the documentation in order to allow reconstruction of the related reasons and responsibilities.

2.2.5 Hiring of staff

FAMI provides for the adoption of staff hiring methods based on fairness and excluding any favouritism. In this context, FAMI operates in a transparent and documented manner, by adopting procedures to prevent potentially corrupting conduct.

In any case, the following minimum standards must be observed:

- the recruitment process must be subject to specific internal regulations governing the roles, responsibilities and spending powers;
- the recruitment process must be centralised within a dedicated unit, which assesses the needs of the requesting units in line with the budget and internal development plans,
- the selection must be made from a list of potential candidates, except for qualified specialist personnel, protected categories, or of figures destined to managerial positions;
- the selection shall be supported by the collection, including by electronic means or otherwise, of standardised homogeneous information, required to define the profile of each candidate;
- the comparative assessment of the candidates must be made on the basis of skills, professionalism and experience in relation to the role for which recruitment is taking place;

- recruitment shall be preceded by due diligence aimed at:
 - checking the reliability and reputation of the candidate, with particular attention to criminal background and/or charges against such persons;
 - identifying any risks associated with the candidate;
- appropriate levels of authorisation must be assigned, with the identification, within the power and delegation system, of personnel expressly empowered to authorise the hires, including in relation to the importance of the position within the organisation;
- the activities relating to the different phases of the process must be carried out by different and clearly identifiable persons, and must be supported by a maker and checker mechanism;
- monitoring of activities must be guaranteed as well as the archiving, including electronically or otherwise, of all the documentation relating to the obligations undertaken within the framework of the personnel selection and recruitment process (CV, application form, contract of employment, etc.), so as to allow the reconstruction of the reasons for the choices made and the related responsibility.

2.2.6 Purchase, management and sale of real estate

FAMI adopts transparent property management methods that mitigate the risk of preferential treatment. This principle, in particular, affects the following areas:

- identification and selection of investment or disinvestment opportunities;
- acquisition, management and sale of properties;
- lease management.

As part of these activities, FAMI expressly disclaims any conduct that involves the promise, granting or acquisition of real estate on terms different from those of the market or for the purpose of unduly favouring the pursuit of personal interests or FAMI interests or which could otherwise be seen as corrupting conduct.

In any case, the following minimum standards must be observed:

- the processes of purchasing, management and sale of real estate as well as lease management must be covered by specific internal regulations governing the roles, responsibilities and spending powers;
- appropriate levels of authorisation must be assigned, with the identification, within the power and delegation system, of parties which can exercise the authorisation and/or negotiating powers on the acquisition, management and sale of real estate as well as lease management;
- due diligence must be carried out on the other counterparty, according to criteria similar to those adopted for third parties;
- a verification must be made of the fairness of the purchase price of the property as well as the active and passive rent compared to the market value, making use - where on the basis of the outcome of due diligence a potential risk of corruption can be discerned - of valuations by independent experts;
- the activities relating to the different phases of the process must be carried out by different and clearly identifiable persons, and must be supported by a maker and checker mechanism;
- monitoring of activities must be guaranteed as well as the archiving of all documentation relating to the obligations undertaken within the framework of the processes of purchasing, management and sale of real estate as well as lease management, including telematic or electronic format, so as to allow the reconstruction of the related reasons and responsibilities.

3 ROLES AND RESPONSIBILITIES

In the following paragraphs we set out the duties of the Corporate Bodies and the corporate units that are closely related to the topics covered by the present Guidelines. For full illustration of the tasks and responsibilities, reference should be made, with reference to Corporate Bodies, to the Articles of Association, the Regulations governing their functioning and the Integrated Internal Control System Regulation, and, with reference to the corporate units, to the individual organisational codes.

3.1 Corporate Bodies

The Board of Directors within its powers and responsibilities:

- examine and approve, upon the proposal of the Chief Compliance Officer, FAMI Anti-Corruption Guidelines and oversee their implementation through the Managing Director;
- examine the information concerning oversight of the risk of corruption provided by the Chief Compliance Officer as part of the periodic reporting.

3.2 Chief Compliance Officer

The Chief Compliance Officer prepares and proposes to the Corporate Bodies, to the extent of their respective responsibilities, FAMI Anti-Corruption Guidelines and ensures supervision of the risk of corruption.

3.3 Compliance desk

The Compliance Desk, in its role as compliance function, has the task of overseeing corruption risk. To this end the Department is independent of the operating units, given its reporting to the Managing Director, and has qualitatively and quantitatively adequate financial and human resources for its duties. The Chief Compliance Officer is assigned the role of Company's Anti-Corruption Manager (for FAMI – UK Branch, the same role is covered by the Branch Manager, who is supported in his role by FAMI's Chief Compliance Officer). With reference to the oversight of the risk of corruption, the Compliance Desk carries out the following activities:

- carries out the definition, periodic review and update of these Guidelines;
- monitors the evolution of the national and international legal reference framework, assessing its impact on processes and internal procedures;
- performs the risk assessment regarding the effectiveness of the processes and internal procedures with a view to overseeing the fight against corruption and proposes, with the cooperation of the applicable corporate units, the organisational and procedural changes which are necessary or appropriate in order to ensure adequate oversight of risk;
- provides advice and assistance to the Corporate Bodies and corporate units with regard to anti-corruption matters, the application of these Guidelines and the relevant implementing regulations;
- in the cases provided for in the following paragraph 4.9, it manages the process of authorization by the Anti-Corruption Manager;
- authorises, where applicable, any exceptions to the principles contained in the present Guidelines;
- defines the system of first and second level controls concerning the fight against corruption;
- periodically checks the actual application of these Guidelines, adopting a risk-based approach;

- cooperates with the competent corporate functions for the establishment of communication channels and effective training tools, identifying needs and setting the content of the training initiatives on issues of anti-corruption;
- manages relationships with regulatory and Supervisory Authorities on anti-corruption matters, keeping the Managing Director informed;
- prepares information flows to the Corporate Bodies and the Top Management.
- contributes to the development of communications and initiatives designed to: i) disseminate a corporate culture across the entire organization that is consistent with the principles of compliance with anti-corruption regulations, and ii) to raise awareness about the potential risks arising from corruption;
- provides advice with regard to controversial legal aspects concerning examination of the conformity of internal processes and procedures, contracts and forms or the significant cases of malfunctioning found;
- manages relations with the judicial authorities in case of compliance incidents with regard to matters of corruption .

3.4 Risk Management Desk

The Risk Management Desk collaborates with the Compliance Desk for the definition of non-compliance risk assessment methods, promoting synergy with the instruments and methods of Operational and Reputational Risk Management.

3.5 Finance Desk

With reference to the risk of corruption, the prompt and correct representation of financial results of FAMI is one of the prerequisites for effectively preventing and contrasting instances of corruption. Finance Desk has specific functional responsibilities intended to ensure that a true and fair view is provided of FAMI's financial position and performance.

The Finance Desk oversees relations with the Tax Authorities for all tax matters.

3.6 HR Department

The HR department ensures a process of selection, recruitment and management of personnel aligned to the guiding principles underlying FAMI's anti-corruption approach, as defined in these Guidelines.

The HR department:

- evaluates and promotes disciplinary actions against employees who are reported for contravening the principles laid down by internal anti-corruption rules.
- assesses the applicability of protections established by employment agreements in the interests of employees involved in criminal, civil and administrative proceedings for alleged infringements of the applicable laws and decides on the formulation of concerns to be resolved upon rendering of the ruling.

3.7 Business Support and Operations Department

The Business Support and Operations Department:

- defines organisational solutions that are consistent with anti-corruption objectives and guidelines, making use of the advice and collaboration of the Compliance Desk. More specifically, it manages the analysis and adoption of change and organisational development processes, including those arising from risk assessment activities;

- supports the Compliance Desk in updating these Guidelines, specifying the relevant roles and responsibilities.

When purchases are managed at Group level, the Business Support and Operations Department liaises with the Procurement Head Office Department, which defines the policies and guidelines on Group purchasing, ensuring that the purchasing activities of the Group Companies within the scope based on the business organisational code are conducted in accordance with these Guidelines, as well as the Real Estate and Logistics Head Office Department which defines the policies and guidelines on the Group's property management, ensuring that the property management activities of the Group Companies within the scope based on the business organisational code are conducted in accordance with these Guidelines.

3.8 Executive Assistants

The Executive Assistants, with the support of the Compliance Desk, ensure that donations comply with these Guidelines.

3.9 Business Units and Other Operating Structures

The Business Units and other operating structures are responsible for the management process regarding the risk of corruption: such organisational units need to identify, assess, monitor, mitigate and report corruption risks arising from ordinary business activities, in accordance with the risk management process set out in the Integrated Internal Control System Regulation.

The Business Units and other operating structures shall comply with the corporate processes and procedures, verifying the application with suitable first-level controls aimed at ensuring the proper conduct of transactions, with a view to full compliance with the present Guidelines.

The Business Units and other operating structures also perform the following activities:

- they execute, in the presence of a potentially high risk of corruption, due diligence activities as defined by the corporate processes and procedures;
- they participate in the training courses on anti-corruption matters, based on training plans drawn up.

3.10 Internal Audit function

The Internal Audit function assesses the adequacy and effectiveness of the measures in place to combat corruption and provides the results of its assessments to the Corporate Bodies as part of its periodic reporting. When the Internal Audit function receives reports of any illegal conduct or conduct for which there is a reasonable suspicion of violation of the principles contained in these anti-corruption Guidelines or regulations, immediately notifies the Company's Anti-Corruption Manager and undertakes the most appropriate actions.

3.11 Branch Manager

The Branch Manager of FAMI – UK Branch supervises and is responsible for the correct implementation of these Guidelines within the Branch. In performing these duties, the Branch Manager is supported by FAMI's Chief Compliance Officer.

4 MACRO-PROCESSES FOR THE FIGHT AGAINST CORRUPTION

The processes for managing the risk of corruption are part of the macro processes provided for in the Group Compliance Guidelines, as shown below:

- Risk assessment;
- Planning of activities;
- Regulatory alignment;
- Advisory;
- Assurance;
- Diffusion of anti-corruption culture;
- Specific requirements
- Information flows to the Corporate Bodies;
- Management of relations with the Authorities.

4.1 Risk Assessment

The identification and periodic assessment of corruption risk and its related governance represent the first logical phase of the risk management model. The Compliance Desk makes an annual identification and assessment of the risk and compliance controls for each of the risk areas set out in the present Guidelines in order to have an assessment of the overall exposure to the risk of corruption. Based on the risk assessment results, the Compliance Desk identifies and schedules the necessary management measures.

4.2 Planning of activities

The identification and periodic assessment of corruption risks and of the related vulnerabilities is preliminary to the planning of management actions, to be submitted to the Board of Directors for approval as part of the annual compliance reports.

The Chief Compliance Officer annually plans the management actions. Planning is made taking into account the activities that are expected to be carried out, broken down by macro-processes and according to priorities, objectives, timeframes and absorption of human and financial resources. If it is found that the available resources are insufficient, suitable risk-based mitigation actions are defined and brought to the attention of the relevant Corporate Bodies.

4.3 Regulatory alignment

Regulatory alignment is ensured through the following activities:

- identification on an on-going basis and interpretation of external rules and regulations;
- evaluation of the impact of applicable rules on corporate processes and procedures and consequent proposal of organizational and procedural changes designed to ensure an adequate governance of corruption risk.

The activity of assessing the impact of the rules on corruption is overseen by the Compliance Desk with the cooperation of the Business Support and Operations Department.

4.4 Advisory

Corruption risk governance with a view to prevention is also performed by providing advice and assistance, by the Compliance Desk, to the Corporate Bodies and organisational units of FAMI, to ensure the correct application of these Guidelines in corporate activities and processes.

4.5 Diffusion of Culture

The diffusion of a corporate culture based on principles of honesty, fairness and respect for the spirit and letter of these Guidelines contributes to the management of the risk of corruption. To this end the Compliance Desk addresses specific training initiatives for the corporate officers and staff members who are most exposed to the risk of corruption. The planned initiatives are mandatory and shall be monitored; they are aimed, in particular, at each recipient developing the following capabilities:

- grasp the salient aspects of the regulatory provisions aimed at fighting corruption;
- apply the present Guidelines, acting in accordance with the provisions contained herein.

4.6 Assurance

Compliance with anti-corruption legislation is the subject of first and second level controls providing continuous verification of compliance, efficiency and effectiveness of processes and procedures adopted.

FAMI ensures that the performance of these activities takes place as per suitable professional standards and, in particular, that:

- the persons charged with the controls have appropriate experience and professional credentials;
- the governance and control areas involved operate with resources and tools adequate for the volumes and complexity of the activities subjected to control;
- the controls are planned, regularly aimed at the areas characterised by increased risk of corruption, as identified in the context of the risk assessment activity, are carried out with the utmost care and diligence and adequately documented in order to support the findings and recommendations made;
- the results of the control activities are subject to reporting;
- the managers of the organisational units subject to controls shall be promptly informed of any issues involved.

The Compliance Desk:

- communicate the first-level control objectives to the Business Units and other operating structures responsible for their implementation;
- periodically monitor the operations in sectors at risk detected in the context of risk assessment and, where appropriate, perform process verifications;
- define and monitor the corrective actions required for the mitigation of the risks of non-compliance identified, including as part of the control activities.

4.7 Information flows to the Corporate Bodies

The reporting to the Corporate Bodies on anti-corruption matters is an integral part of the reports prepared by the Compliance Desk including, on an annual basis, the identification and assessment of risks of non-compliance and the scheduling of management interventions and, on a half-yearly basis, reports of actual results, a description of the activities performed, critical issues noted, and remedies identified.

4.8 Management of relations with the Authorities

Relations with the regulation and Supervision Authorities with respect to issues relating to anti-corruption are managed by the Compliance Desk.

4.9 Specific Requirements - Due Diligence

These Guidelines require the carrying out of an initial and periodic due diligence by the requesting unit, in the risk areas represented by: relationships with third parties - suppliers, agents, consultants, professionals, business partners, the self-employed, quasi-employees or other parties who shall assist FAMI for the performance of its activities - transactions involving real estate, equity investments and other assets, charity donations and sponsorships and personnel recruitment activities.

The due diligence is commensurate with counterparty risk and is designed, inter alia, to early identify situations that act as indicators of potentially high corruption risk (so-called "red flags"), as well as to identify circumstances that mitigate those risks. The characteristics of the proposed transaction and those of the counterparties are examined as part of the due diligence.¹ The following are potential red flags:

- the counterparty mainly operates in a country at high risk of corruption. Considered as high risk is a score below the average of the "Corruption Perceptions Index" prepared annually by Transparency International²;
- the counterparty: i) is a Politically Exposed Person³; ii) is a Public Official or Person in Charge of a Public Service⁴, with decision-making power on activities concerning FAMI, or has close relations with any of the above persons; iii) was introduced by any of the persons referred to in the previous points;
- the counterparty has anomalous corporate characteristics: complex or otherwise non-transparent corporate structure, absence of operational units in the country in which FAMI operates;
- the counterparty adopts improper types of conduct; for example, objections to the inclusion of anti-corruption contractual clauses, request for anomalous contract terms, demand for non-standard commissions, requests for payments to parties other than the counterparty or which are in countries where the counterparty does not have its own operations, promotional activities or practices that are anomalous or non-compliant with professional standards;
- the involvement of intermediaries is expected in order to encourage, promote or finalise the transaction;
- the counterparty has in the past been involved in proceedings with criminal implications.

The methods of performing due diligence activities are described in the internal regulations governing the business processes in which areas at risk are detected.

¹Pursuant to these Guidelines, in addition to the party with whom the agreement will be entered into or the relationship maintained (direct counterparty or counterparty in the strict sense), counterparties means, for parties other than natural persons, the set of different persons that predominantly define their interests, activity as well as their reputation and reliability. In any case, they include:

- the beneficial owners,
- the entity that carries out management and coordination or, with specific reference to foreign entities, the entity that performs similar general management functions over the corporate group (parent company of the counterparty),
- the top management (e.g. CEO or General Manager) responsible for the management of the counterparty in the strict sense as well as that of its parent company.

²The international non-governmental organization called Transparency International has developed the "Corruption Perceptions Index (CPI)", an indicator of perceived corruption in each country in the world. The list of the various countries with their scores is updated and published every year on the website <https://www.transparency.org>. In addition, the Anti Financial Crime Head Office Department makes the list available on the group intranet, also giving notice of any updates.

³As identified in the corporate rules on anti-money laundering and combating the financing of terrorism.

⁴As defined by the Organisational, Management and Control Model adopted pursuant to Legislative Decree no. 231/2001 of the Parent Company.

The establishment of relationships or the carrying out of transactions that fall within the powers of the Corporate Bodies and which are red-flagged is previously authorized by the Anti-Corruption Manager. The internal regulations governing operations in Risk Areas may provide for further more restrictive risk thresholds, due to the financial relevance of the transaction or the presence of specific risk indicators; in such cases, the authorization of the Anti-Corruption Manager is required.

5 REPORTS AND PROHIBITION OF RETALIATION

FAMI values the role played by corporate officers and their staff in protecting corporate integrity and promptly reporting any violation or risk of violation of the internal regulations and the anti-corruption principles and provisions. In this regard communication channels are provided through which to report any unlawful conduct or for which there is a reasonable suspicion of violation of the principles and rules contained in the present Guidelines. The internal reporting systems, its manager, the processes of analysis of the reports, the structures involved and the procedures for reporting to corporate bodies are governed by specific corporate rules (Rules on Internal Systems for reporting Violations - Whistleblowing) that ensure the confidentiality of the reporting party, excluding the risk of retaliatory, unfair or discriminatory conduct.

6 GROUP GOVERNANCE

The Group companies and the foreign Branches to which the steering, coordination and control model applies⁵, including FAMI, are required to implement these Guidelines, adjusting them, in coordination with the Anti Financial Crime Head Office Department, to their own corporate and/or organisational context and to the specificities of the local regulations if more restrictive, and, where applicable, submitting them - subject to the favourable assessment of the Anti-Financial Crime Head Office Department - to their Board of Directors for approval. The AML Officer at each Company/Foreign Branch also assumes the role of Anti-Corruption Manager.

The Group Companies which in turn, directly or indirectly, hold controlling stakes are responsible for the distribution of these Guidelines to their subsidiaries, verifying their correct and effective implementation.

⁵ It refers to companies that have not outsourced the supervision of their Organisational, Management and Control Model under Legislative Decree 231/01 to the Parent Company.