Cerved Group S.p.A.

Anti-money Laundering Policy

Approved by the Board of Directors on 13 March 2020

Revision 001 – First issue

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1 Scope and field of application

1.1 SCOPE AND FIELD OF APPLICATION

This document illustrates the Policy for the fight against money laundering and terrorist financing adopted by the Cerved Group (hereinafter also referred to as the "Group") and particularly by the Group companies under Italian law that carry out debt collection activities and are therefore subject to Anti-Money Laundering regulations. The Policy defines a clear approach on this issue, which is broader than the approach provided by law and which allows the Group to monitor and manage Anti-money Laundering risks, confirming its commitment to invest in training and socially responsible management.

The Cerved Group adopts systems and procedures regarding customer due diligence, the recording of occasional transactions and ongoing business relationships, the reporting of suspicious transactions, document retention, internal control, and risk assessment and management in order to prevent and avoid transactions related to money laundering or terrorist financing, particularly owing to the presence in the Group of companies that carry out debt collection activities.

To ensure compliance with the regulations on preventing the use of the financial system for the purposes of money laundering and terrorist financing, the Cerved Group and all the companies belonging to it undertake not to establish business relations with countries on the Black Lists drawn up by the European Union. "Black list" countries mean countries with privileged tax regimes that *i)* have low tax rates or even none at all and *ii)* are not willing to exchange information with other countries. The Inland Revenue has adopted the list drawn up by ECOFIN, which is a single reference that provides details of all the countries with privileged tax regimes, which are considered Tax Havens by the European Union[1].

1.2 RELEVANT REGULATIONS

1.2.1 External Regulations

Italian anti-money laundering regulations are implemented in our legal system by means of rules drawn up at international and European level (the latter particularly include: I Directive 1991/308/EEC, II Directive 2001/97/EC, III Directive 2005/60/EC, IV Directive 2015/849/EU, V Directive 2018/843/EU). The most important regulations were Italian Law no. 197 of 5 July 1991, which provided rules on a number of financial brokerage activity safeguards and, for debt collection agencies, Italian Law no. 56 of 20 February 2004, which extended anti-money laundering obligations to non-financial operators.

Italian Legislative Decree no. 231 of 21 November 2007 "Implementation of Directive 2005/60/EC on the prevention of the use of the financial system for the purposes of money laundering and terrorist financing and of Directive 2006/60/EC (III Directive) laying down relevant implementing measures (OJ no. 290 of 14 December 2007 - Ordinary Supplement no. 268)" was issued with the aim of creating an anti-money laundering "single text": this Legislative Decree, which was later amended, repealed the previous regulations.

To help make the circulation of money traceable, and so reduce the opportunities for money laundering and terrorist financing, the following provisions entered into force on 30 April 2008, subsequently amended by Italian Legislative Decree 112/2008 and Italian Law Decree 138/2011: cash transfer, cash circulation limitations, non-transferability clause on bank cheques, and ceiling imposed on the balance of bearer passbooks.

[1] Updated on 14 November 2019: EU list of non-cooperative jurisdictions for tax purposes drawn up by ECOFIN - Economic and Financial Affairs Council - Decision-making body responsible for the economic, tax and financial policy of the European Union.

Italian Law no. 186 of 15 December 2014 introduced the crime of **Self-Laundering** in the Italian Criminal Code[2].

The 2016 Italian Stability Law raised the threshold for the use of cash (cf. Italian Law no. 208 of 28 December 2015, OJ no. 302 of 30 December 2015 - Ordinary Supplement no. 70, paragraph 898, with amendments to art. 49 of Italian Legislative Decree no. 231 of 21 November 2007).

Italian Legislative Decree no. 8 of 15 January 2016 (Decriminalisation Decree) amended art. 55 of Italian Legislative Decree no. 231/07 converting the criminal sanctions concerning adequate customer due diligence and recording violations, into simple administrative sanctions. The new sanctions came into force on 6 February 2016.

Italian Legislative Decree no. 90 of 25 May 2017 implemented the IV Anti-Money Laundering Directive (Directive 2015/849/EU), amending Italian Leg. Decree 231/2007 (and Italian Leg. Decree 109/07) and introducing several new features, including:

- new criteria for identifying the beneficial owner and politically exposed persons;
- risk based approach;
- new rules for the application of simplified/strengthened due diligence measures;
- identification of data and information retention requirements;
- revision of the sanctioning regime with effective and dissuasive measures.

Italian Legislative Decree no. 125/2019 of 4 October 2019 implementing Directive (EU) 2018/843 (so-called V Anti-Money Laundering Directive), which introduced new features, including:

- The introduction of the Business Register containing information of beneficial ownership
- Extended application of due diligence obligations also within the scope of transactions for the securitisation of receivables, by banking and financial intermediaries tasked with the collection of assigned receivables, with cash and payment services and with compliance checks with regard to debtors assigned to the companies for the securitisation of receivables and to the subscribers of securities issued by the same companies
- Reinforced due diligence measures: Change in the scope of application of obligations and extension of requirements in the event of ongoing relationships and transactions involving high-risk third countries
- Remote operations: New tools and methods for managing compliance in the event of remote operation.

With regard to regulations that have been repealed or replaced, the decrees specify that the Supervisory Authorities will adopt provisions implementing the new regulatory requirements.

1.2.2 Internal Regulations

This Policy fits into the broader context of internal regulations, which includes:

- the Code of Ethics of the Cerved Group
- the Organisational Model pursuant to Italian Leg. Decree 231/2001, adopted by all of the Group's Italian companies, which specifies the control mechanisms adopted to identify conduct falling within the risk areas of money laundering and/or self-laundering and terrorist financing, so that prompt action may be taken in the event that any anomalies are detected

[2] Self-laundering: laundering of the proceeds of a predicate offence in economic, financial, entrepreneurial or speculative activities, by the person who committed it, for the purpose of actively hindering the identification of their criminal provenance: instead, conduct where the money, assets or other benefits are intended for mere use or personal enjoyment is not punishable. The intention is to punish, for example, an entrepreneur who uses money obtained from fraud/tax evasion to finance economic activities in order to hide its origin. In actual fact, the definition of money laundering in Italian Legislative Decree no. 231 of 21 November 2007, already included self-laundering; therefore, the aforementioned law of 2015 simply aligned Italian criminal law (where only the money laundering activities of persons other than those who had committed the predicate offence were punished) with the provisions already included in our system by way of the above Legislative Decree of 2007.

- the Whistleblowing Management System Procedure
- the Anti-Money Laundering Guidelines (Policy) and operating instructions adopted by all Group companies that carry out debt collection activities.

2 Definitions

2.1 DEFINITION OF MONEY LAUNDERING AND TERRORIST FINANCING

Pursuant to Italian Legislative Decree 231 of 2007, as subsequently amended and supplemented, (art. 2) **money laundering**[3] consists of:

a) "the conversion or transfer of property, knowing that such property is derived from criminal activity or from an act of participation in such activity, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of such activity to evade the legal consequences of his action[4];

b) the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property is derived from criminal activity or from an act of participation in such activity[5];

c) the acquisition, possession or use of property, knowing, at the time of receipt, that such property was derived from criminal activity or from an act of participation in such activity[6];

d) participation in, association with or conspiracy to commit, attempts to commit and aiding, abetting, facilitating and counselling the commission of any of the actions mentioned in the foregoing indents. (...)

Italian Leg. Decree 231/2007 also specifies that "the knowledge, intent or purpose (...) may be inferred from objective factual circumstances".

According to Italian Legislative Decree 231 of 2007, as subsequently amended and supplemented (art. 2), **terrorist financing** refers to any activity whatsoever aimed, by any means, at the supply, collection, provision, brokerage, deposit, custody or disbursement of funds or other economic resources, howsoever generated, whether directly or indirectly, even in part, for the performance of one or more acts for the purposes of terrorism as laid down in criminal laws, regardless of the use actually made of the funds and economic resources for the commission of the aforementioned acts.

2.2 OTHER DEFINITIONS: GLOSSARY

[3] Art. 2 of Italian Leg. Decree 231/2007 provides a literal translation of a definition set out in the first European directive: this leads to several legal interpretation problems. For example, "criminal activity" is a non-technical term, which does not exist in Italian law; furthermore, this definition also includes the definition of self-laundering, which was not included in our legal system prior to Italian Law 186/2014.

[4] In the Italian legal system, money-laundering is defined in art. 648 *bis* of the Italian Criminal Code. This definition focuses on the notion of replacement, i.e. changing the illegal capital (money, property or other benefits) with another of a lawful nature that severs the subjective/objective connection with the offence (i.e. an attempt is made to hinder the identification of the criminal origin of the property). Art. 2, paragraph 1 of Italian Leg. Decree 231/2007, on the other hand, speaks of an activity involving the conversion of property, knowing that such property is derived from criminal activity, which takes the shape of "assisting any person who is involved in such activity to evade the legal consequences of his action". This definition in our legal system corresponds, rather, to the offence of aiding and abetting as referred to in art. 378 of the Italian Criminal Code.

[5] The definition given in art. 2 paragraph 1 of Italian Leg. Decree 231/2007 focuses on the concealment or disguise of the true nature/provenance of the property, knowing that such property is derived from criminal activity. This definition is very close to the definition of receiving stolen goods referred to in art. 648, paragraph 1, of the Italian Criminal Code; furthermore, it is evident that Italian Leg. Decree of 2007 gives a subjective definition of the offence (based on "knowing that such property is derived from criminal activity"), while the Italian Criminal Code is rather based on objective elements ("transactions to hinder the criminal origin of the property").

[6] Art. 648 *ter* of the Italian Criminal Code focuses on economic and financial activities, however, this aspect is not given in the definition in Italian Leg. Decree 231/2007.

Italian Leg. Decree 231/2007, as subsequently amended and supplemented, provides the following definitions:

- "customer" (letter f, art. 1 paragraph 2, Italian Leg. Decree 231/2007): the person that establishes ongoing relationships, carries out transactions (that is, from time to time for a collection agency: the client or the holder of the file, or the third party paying for the debtor) or requests or obtains a professional service following the conferral of an assignment
- "executor" (letter p, art. 1 paragraph 2, Italian Leg. Decree 231/2007): the person delegated to operate in the name and on behalf of the customer or that is in any case granted powers of representation that allow him to operate in the name or on behalf of the customer
- "identification data" (letter n, art. 1 paragraph 2, Italian Leg. Decree 231/2007): name and surname, place and date of birth, registered residence and domicile, if differing from the registered residence, identification document details and tax code, if issued, or, in the case of persons other than natural persons, name, registered office and tax code, if issued
- "means of payment" (letter s, art. 1 paragraph 2, Italian Leg. Decree 231/2007): cash, bank and postal cheques, banker's cheques and other similar or comparable cheques, money orders, credit or payment orders, credit cards and other payment cards, transferable insurance policies, pledge policies and any other instrument available that allows the transfer, movement or acquisition, including electronically, of funds, valuables or financial assets[7]
- "transaction" (letter t, art. 1 paragraph 2, Italian Leg. Decree 231/2007): activity consisting of the processing, transfer or transmission of means of payment or of the performance of negotiation acts of a financial nature; the conclusion of a negotiation act of a financial nature, falling within the sphere of any professional or commercial activity, is also considered a transaction
- "related transactions" (letter u, art. 1 paragraph 2, Italian Leg. Decree 231/2007): transactions related to each other in pursuing a single objective of a legal and financial nature
- "split transaction" (letter v, art. 1 paragraph 2, Italian Leg. Decree 231/2007): a single transaction in terms of economical value, for an amount equal to or greater than the thresholds established by this decree, carried out through several transactions, each lower than the above thresholds, effected at different times and within a limited period of time set at seven days,[8] without prejudice to the existence of the split transaction should there be elements to consider it as such[9]
- "professional service" (letter gg, art. 1 paragraph 2, Italian Leg. Decree 231/2007): an intellectual or commercial service provided to the customer, following the conferral of an assignment, which is presumed to have a certain duration
- "customer register": a paper register to store the identification details referred to above which are acquired when complying with the identification obligation as provided for in this decree
- "single computer archive"[10]: an archive that stores in a centralised manner all the information acquired in complying with the identification and recording obligations
- "beneficial owner" (letter gg, art. 1 paragraph 2, Italian Leg. Decree 231/2007): the natural person or persons, if other than the customer, in whose interest the ongoing relationship has been established, the professional service has been rendered or the

[7] This definition has not changed with respect to the previous definition of Italian Leg. Decree 231/2007.

[8] In Bank of Italy's document "Implementing provisions for holding the Anti-money laundering Single Computer Archive - Consultation Report" of December 2009, it is specified that "seven days" refers to calendar days not business days, and that the *dies a quo* is calculated in the term.

[9] This definition has not changed with respect to the previous definition of Italian Leg. Decree 231/2007.

[10] This definition was included in the previous provision of Italian Leg. Decree 231/2007, not in the current provision, but is actually still used.

transaction has been carried out, identified according to the criteria referred to in art. 20 of Italian Leg. Decree 231/2007[11], as subsequently amended and supplemented.

- "Politically exposed person (PEP)" (letter dd, art. 1 paragraph 2, Italian Leg. Decree 231/2007): natural persons who exercise or have ceased to exercise for less than one year prominent public functions, as well as their family members and whoever has close links with the above persons[12],
- "FIU" (letter gg art. 1 paragraph 1 Italian Leg. Decree 231/2007): the financial intelligence unit, i.e. the national structure in charge of receiving from the responsible parties information concerning possible cases of money laundering or terrorist financing, and requesting them to analyse and to report such information to the competent authorities.

[11] art. 20 of Italian Leg. Decree 231/2007:

1. The **beneficial owner** of customers other than natural persons is the natural person or persons who, ultimately, owns the entity directly or indirectly, or controls it.
2. If the customer is a capital company:
a) a shareholding of more than 25% in the customer capital held by a natural person shall be an indication of direct ownership;
b) a shareholding of more than 25% in the customer capital, held through subsidiaries, trust companies or intermediaries, shall be an indication of indirect ownership.
3. In the event that the examination of the ownership does not allow the unambiguous identification of the natural person or persons who directly or indirectly own(s) the company, the beneficial owner shall coincide with the natural person or persons who, ultimately, control the company by means of:
a) the control of the majority of votes at ordinary shareholders' meetings;
b) sufficient votes to exercise dominant influence at ordinary shareholders' meetings;
c) the existence of particular contractual constraints enabling a dominant influence to be exercised.
4. Where the application of the criteria set out in the preceding paragraphs does not allow the unambiguous identification of one or more beneficial owners, the beneficial owner shall coincide with the natural person or persons holding company management and administration functions.
5. In the event that the customer is a private legal person, as laid down in Italian Presidential Decree no. 361 of 10 February 2000, the following are cumulatively identified as beneficial owners:
a) the founders, if alive;
b) the beneficiaries, when identified or that may be easily identified;
c) persons performing management and administration functions.
6. The responsible parties shall keep a record of the verifications carried out in order to identify the beneficial owner.

[12] **Politically exposed persons:**

1) natural persons who exercise or have exercised prominent public functions, who hold or have held the role of:
1.1 President of the Republic, Prime Minister, Minister, Vice-Minister and Undersecretary, President of the Region, regional councillor, Mayor of a provincial capital or metropolitan city, Mayor of a municipality with a population of no less than 15,000 inhabitants and similar offices in foreign States;
1.2 deputy, senator, member of the European Parliament, regional councillor as well as similar positions in foreign States;
1.3 member of the central governing bodies of political parties;
1.4 judge of the Constitutional Court, magistrate of the Court of Cassation or of the Court of Auditors, Councillor of State and other members of the Administrative Justice Council for the Region of Sicily and similar offices in foreign States;
1.5 member of the governing bodies of central banks and independent authorities;
1.6 ambassador, chargé d'affaires or equivalent positions in foreign States, high-ranking officer of the armed forces or similar offices in foreign States;
1.7 member of the administrative, management or supervisory boards of the companies owned, directly or indirectly, by the Italian State or by a foreign State or whose share capital is owned, in whole or in part, by Regions, provincial capitals, metropolitan cities and municipalities with a population of no less than 15,000 inhabitants;
1.8 general managers of Local Health Units, Hospitals, University Hospitals and other National Health Service bodies;
1.9 general managers, deputy general managers and members of the management body or entity performing equivalent functions in international organisations;
2) family members of a politically exposed person means: his/her parents, his/her spouse, the person with whom he/she has entered a civil partnership, cohabitation outside marriage, or similar arrangement, his/her children and their spouses as well as the persons with whom his/her children have entered civil partnerships, cohabitation outside marriage or similar arrangements;
3) persons known to be closely associated with a politically exposed person means:
3.1 natural persons associated with the politically exposed person because they have joint beneficial ownership of legal entities or any other close business relations;
3.2 natural persons who only formally have full ownership of an entity which is known to have been set up, *de facto*, in the interest and for the benefit of a politically exposed person.

3 Cases and obligations

3.1 CASES IN WHICH LEGAL OBLIGATIONS ARISE

Whoever carries out debt collection activities shall identify and check customers (due diligence, art. 17 Italian Leg. Decree 231/2007, as subsequently amended and supplemented) when:

a) the person establishes an ongoing relationship (*a lasting relationship that gives rise to several transactions entailing payment, withdrawal or transfer of means of payment and that does not end with a single operation*[13]) or the customer is entrusted to provide a professional service (*professional or commercial service which, when starting, is assumed to have a certain duration*[14]);

b) the person carries out occasional transactions which involve the transmission or handling of means of payment for an amount equal to or greater than Euro 15,000, irrespective of whether they are carried out in a single transaction or in several transactions that appear to be linked for carrying out a split transaction;

c) there is a suspicion of money laundering or terrorist financing, irrespective of any applicable derogation, exemption or threshold;

d) there are doubts about the truthfulness or adequacy of the data previously acquired for the purpose of identifying a customer.

Generally speaking, it may be said that during the normal operations of a debt collection agency, the case referred to under point "a" occurs every time a relationship is established with a new client[15], while the case under point "b" occurs when single files or groups/batches of files are assigned by a client, and may occur when the debtor pays the amount due.

3.2 CUSTOMER DUE DILIGENCE OBLIGATIONS

When the operators identified by law are faced with the cases listed above, they are required to conduct customer due diligence (art. 18 of Italian Leg. Decree 231/07, as subsequently amended and supplemented) which consists of the following activities:

a) identifying the customer and checking his/her identity on the basis of an identity document or other documentation, details or information obtained from a reliable and independent source;

b) identifying the beneficial owner, if any, and checking his/her identity;

c) obtaining information on the purpose and intended nature of the ongoing relationship or professional service;

d) constantly monitoring the relationship with the customer during the ongoing relationship or professional service.

3.3 COLLECTION AGENCIES' OBLIGATION TO REFRAIN

[13] Italian Leg. Legislative Decree 231/2007, as subsequently amended and supplemented, art. 1, paragraph 2, letter ll): a lasting relationship, falling within the exercise of the institutional activities of the responsible parties, which does not end with a single transaction.

[14] Italian Leg. Legislative Decree 231/2007, as subsequently amended and supplemented, art. 1, paragraph 2, letter gg): an intellectual or commercial service provided to the customer, following the conferral of an assignment, which is presumed to have a certain duration.

[15] In this regard also UNIREC 16 November 2017.

Art. 42 of Italian Leg. Decree 231/20017 provides that responsible parties who are objectively unable to conduct customer due diligence shall refrain from establishing, executing or continuing the relationship, professional service and transactions.
Furthermore, they shall consider whether to make a suspicious transaction report to the FIU.
In addition, the recipient shall refrain from carrying out transactions in relation to which there is a suspicion of money laundering or terrorist financing, and (where appropriate) terminate the already existing ongoing relationship or professional service.
On the basis of the assessments made, the collection agency should then consider whether to make a report to the FIU.

3.4 REPORTING AND MONITORING SUSPICIOUS TRANSACTIONS

In compliance with art. 35 of Italian Leg. Decree 231/2007, as subsequently amended and supplemented, in order to ensure the smooth monitoring and reporting of “suspicious transactions” and the traceability of the assessment process, Cerved Group has drawn up specific operating instructions that Group companies, subject to anti-money laundering legislation, are required to comply with and adopt.

For operators who carry out their activities in complex company structures where several people work, e.g. employees, associates, and/or licensed collectors or external lawyers, as is the case with Cerved Credit Management Group companies, the procedure for detecting and reporting suspicious transactions normally takes place in two phases:

a) First level reporting: the person who directly holds relations with the customer or who directly takes part in performing the transaction is responsible for detecting any suspicions and immediately informing his/her direct manager who, in turn, shall inform the business owner or the legal representative or person appointed by him/her;
b) Second level reporting: the business owner or legal representative or person appointed by him/her shall examine the reports received and, if he/she considers them to be justified, taking into account all the information available, shall submit them to the FIU without delay.

A Suspicious Transaction Reports Manager has been appointed for Cerved Credit Management Group companies, who is assisted by one or more internal Anti-Money Laundering Officers (for operational activities). The report must be submitted, where possible taking into account the characteristics of the transaction, before the transaction is executed.

4 Internal control measures; training of employees, associates and whistleblowing systems

Internal control for Group Companies subject to Anti-Money Laundering regulations is aimed at complying with the procedures for identifying, recording and storing information, and for detecting and reporting suspicious transactions.

Specific safeguards have been defined and formalised within the Model 231 of each Group company to prevent any behaviour related to cases of "Receiving stolen goods, money laundering and use of money, property or benefits of unlawful origin, as well as self-laundering" (as set forth in art. 25 *octies* pursuant to Italian Leg. Decree 231/2001). This has made it possible to identify a specific safeguard for risks that may be potentially applied to Group companies not subject to the Anti-Money Laundering regulations.

In addition, each Supervisory Body pursuant to Italian Leg. Decree 231/2001 set up at Group companies, on the basis of the respective auditing plan, monitors the safeguards implemented to prevent the offences referred to in art. 25 *octies* of Italian Leg. Decree 231/01. Where the specific offence has been detected as part of the Risk Assessment activities carried out, the Supervisory Body pursuant to Italian Leg. Decree 231/2001 receives the information flows from the company departments and has unrestricted access to all relevant information for the performance of its duties.

The training (art. 16 Italian Leg. Decree 231/2007, as subsequently amended and supplemented, paragraph 3; annex 2 Decree of the Minister for the Interior of 17 February 2011[16]) of employees is ensured by disseminating to all staff the Internal Policies and Procedures, the Work Instructions and related documents, as well as relevant articles published in the national press which are made available to staff.
The continuous and systematic nature of training is further strengthened for company personnel with periodic training or on-demand training if requested by the individual Functions, either "in the classroom" or using approved and shared e-learning tools (e.g. dissemination of training material by e-mail, submission of effectiveness questionnaires, use of e-learning from specialised companies, classroom training courses with internal and/or external teachers).
Periodic reports on Anti-money laundering training activities are sent to the Control Bodies.

Internal whistleblowing systems (art. 48 Italian Leg. Decree 231/2007, as subsequently amended and supplemented)
The Cerved Group conducts its business with loyalty, fairness, transparency, honesty, integrity and in compliance with laws, regulations and rules in general, with standards and guidelines, both national and international, which apply to the Group's activities.
The Group promotes the adoption of instruments aimed at preventing, detecting and communicating unlawful conduct and/or conduct in violation of the ethical principles advocated by the Group.
For this purpose, Cerved Group has adopted a specific Policy and a Whistleblowing Management System. The system guarantees the whistleblower's confidentiality and anonymity and seeks to detect any violations of anti-money laundering regulations pursuant to Italian Leg. Decree no. 90/2017, as subsequently amended and supplemented.

[16] Training. The operators adopt appropriate training measures for staff and associates in order to correctly identify any suspicion. Periodic training programmes are planned to recognise activities that may be potentially related to money laundering and terrorist financing, also by assessing the outcome of the reports received during feedback. Training should be continuous and systematic and take into account any changes in anti-money laundering legislation.

All data retention obligations are in compliance with the provisions of the personal data protection code (EU Regulation 2016/679 General Data Protection Regulation).