



GROUP ANTI-CORRUPTION GUIDELINES

- Extract -

March 2017

INTRODUCTION

The 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.

The present Guidelines are to be respected by the corporate officers and all the personnel of the Group. 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 the Group in the execution of its activities (hereinafter “third parties”).

REGULATORY FRAMEWORK

FOREIGN REGULATIONS

The approach to combating corruption by the 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 (hereinafter “United Nations” or “UN”), “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 national 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”, 322 “Incitement to Bribery” of the Criminal Code;
 - Article 2635 “Bribery among private individuals” from the Italian Civil Code.

INTERNAL REGULATIONS

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

- the Code of Ethics
- the Group’s Internal Code of Conduct

- the Organisational, Management and Control Model adopted by each Company pursuant to Legislative Decree 231/2001
- the Group Compliance Guidelines;
- the Guidelines for Administrative and Financial Governance;
- the Group Procurement Guidelines
- the Group Rules on internal systems for reporting violations (whistleblowing).

GENERAL PRINCIPLE OF “ZERO TOLERANCE”

The Group carries out its activities with the aim of providing banking and 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 Code of Ethics, the Group’s Internal Code of Conduct and the Organisational, Management and Control Model adopted pursuant to Legislative Decree no. 231/2001 - the Group:

- shall not tolerate any kind of corruption, in any way, 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 the Group 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, the gifts and services given free of charge (except for those provided as gifts, entertainment expenses and charities), the undue hiring of a party, 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 the Group 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).

Group 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 Auditing Department for appropriate evaluation of the case. It retains the possibility to use the reporting systems required by “Group rules on internal systems for reporting violations (Whistleblowing)” and the Organisational, Management and Control Model pursuant to Legislative Decree no. 231/2001.

The Group’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 the present 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 foreign parties, the Group shall end any kind of relationship with third parties which - in their relations with the Group companies - act in violation of the legislation on the fight against corruption, including the present 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 the Group.

Any violations by administrative or control bodies within the Group companies are analysed by the membership body regarding any initiatives deemed appropriate in relation to this case, in accordance with local 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 the present Guidelines have been defined by the Group independently from any criminal offences that the prohibited conduct may determine.

AREAS AT GREATEST RISK

The Group 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 the Group);
- 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, all Group companies in Italy and abroad must follow, in the management of operational processes, the following general rules:

- the separation of duties by adequately allocating responsibilities and establishing appropriate authorization 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 Guidelines for Administrative and Financial Governance, 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, the Group, as a further preventive measure, considers staff turnover in relations with third parties.

GIFTS AND ENTERTAINMENT EXPENSES

The Group 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 the Group;
- 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 operational correctness.

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 breakfasts, receptions, events and forms of welcome and hospitality which involve the participation of corporate officers and staff of the Bank, as long as they are strictly related to the business relationship and are reasonable in comparison to the commonly accepted practices of business and/or institutional courtesy.

Under no circumstances may gifts consist of money. The gifts and other benefits distributed by the Bank 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 the Group coming from the same person/institution which do not exceed the value in a calendar year of €150.

CHARITY DONATIONS AND SPONSORSHIPS

The Group 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 corrupt 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 the Group; 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 Head of Anti-Corruption;

- 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;
 - verify the existence of any requirements needed to operate in accordance with the provisions of applicable law;
 - identify 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 the present Guidelines;
- all disbursements must be approved by the empowered parties based on 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.

RELATIONSHIPS WITH THIRD PARTIES (SUPPLIERS AND OTHERS WHO COLLABORATE WITH THE GROUP)

The Group establishes relationships with third parties – suppliers, agents, consultants, professionals, business partners, the self-employed, quasi-employees or other parties who shall assist the Group for the implementation of its activities – on the basis of assessments of professionalism, competence, competitiveness and integrity, and print these relationships as accurately as possible, adopting procedures aimed at preventing potentially corrupting conduct.

In any case, the following principles must be observed:

- the launch 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 a focus on criminal records and/or charges, in the case of companies, relating to its beneficial owners and to the persons who perform management and control activities;
 - determining the capabilities and experience required for the execution of the contract;
 - verifying the existence of any requirements needed to operate 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 the Group 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 Head of the relevant department of the Group any request for money or other goods, whoever should have made it, been its recipient, or become aware of it, aimed at the performance or omission of a function/activity in relation to the execution 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 far as the purchasing procedures of goods and services and the appointment of professional duties (e.g. legal, tax, technical, labour law, administrative, organisational consulting, brokerage, agency or miscellaneous intermediary, 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);
- any subcontracting of supplies of services/activities to third parties shall be contractually conditional on prior approval by the Bank structure which signed the contract;
- 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.

PURCHASE, MANAGEMENT AND DISPOSAL OF INVESTMENTS AND OTHER ASSETS

The Group 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 of contracts and refinement of the same;
- 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.

HIRING OF STAFF

The Group provides for the adoption of staff hiring methods based on fairness and excluding any favouritism. In this context, the Group 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.

PURCHASE, MANAGEMENT AND SALE OF REAL ESTATE

The Group 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, the Group 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 the Group 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.