



**SUMMARY OF “THE ORGANISATIONAL,
MANAGEMENT AND CONTROL MODEL OF UBI
FACTOR S.P.A. IN ACCORDANCE WITH LEGISLATIVE
DECREE No. 231/2001”**

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Regulatory framework.

Introduction.

Legislative Decree No. 231 of 8th June 2001 (hereinafter “Decree 231”) lays down the rules for the “liability of entities for corporate offences resulting from crimes”.

More specifically those rules apply to legal entities, companies and associations even if they have no official legal status.

According to the rules introduced by Decree 231, companies can in fact be held “liable” in relation to certain crimes actually committed or attempted, where they have been carried out in the interest of or to the advantage of the entity itself by senior officers of the company and by those who are subject to their management or supervision.

The corporate liability of entities is independent of the criminal responsibility of the individuals who have committed the crimes and it accompanies the latter.

Liability for corporate offences resulting from crime is normally ascertained as part of the same criminal proceedings relating to the natural person who is charged with committing the crime.

Decree 231 introduced new elements to Italian law because penalties of both a monetary nature and consisting of prohibitions in relation to crimes committed by persons functionally related to entities are now applicable to those entities.

Entities are nevertheless excluded from corporate liability if, amongst other things, an entity has adopted and effectively implemented models of organisation, management and control designed to prevent crimes, before they are committed. These models can be adopted on the basis of codes of conduct (guidelines) drawn up by associations which represent the entity, including the *Associazione Bancaria Italiana* (ABI – Italian Banking Association) and the *Associazione Italiana for Factoring* (Assifact – Italian Factoring Association), and which have been communicated to the Ministry of Justice.

The predicate crimes for corporate liability.

The offences (criminal and administrative) for which an entity may be held responsible according to Decree 231 can be comprised, for easy perusal, within the following categories:

- crimes against public administrations (articles 24 and 25);
- computer crime (article 24-*bis*);
- organised crime (article 24-*ter*);
- crimes against public trust (article 25-*bis*);
- crimes against industry and commerce (article 25-*bis*.1);
- corporate crimes (Art. 25-*ter*);
- crimes of terrorism and subversion of democratic law (article 25-*quater*);
- crimes concerning customs of mutilation of female genital organs (article 25-*quater*.1);
- crimes against the person of the individual (article 25-*quinquies*);
- corporate offences concerning market abuse (Art. 25-*sexies* and article 187-*quinquies* of the Consolidated Finance Law);
- transnational crimes referred to in Art. 10 of Law No. 146 of 16th March 2006 which “ratifies and implements the United Nations convention and protocols on transnational organised crime, adopted by the General Assembly on 15th November 2000 and 31st May 2001”;
- crimes of manslaughter or serious or very serious injuries, committed in violation of health and safety regulations at the work place (article 25-*septies*);
- crimes consisting of the receipt, laundering and use of money, goods or benefits of illicit origin, and also money-laundering (article 25-*octies*);

- crimes concerning the violation of copyright (article 25-*novies*);
- the crime of “inducing persons not to make statements or to make false statements to judicial authorities” (article 25-*novies*);
- environmental crimes (article 25-*undecies*);
- the crime of “employing citizens of third party countries whose stay documents are irregular”(article 25-*duodecies*)
- crimes of racism and xenophobia (Art. 25-*terdecies*);
- crimes of fraud in sports competitions and the abusive exercise of gaming or betting activities (Article 25-*quaterdecies*);
- tax offenses (Article 25-*quinquiesdecies*);
- smuggling (Article 25-*sexiesdecies*).

Penalties.

The following penalties are provided for by Decree 231 for entities as a consequence of committing or attempting to commit the aforementioned offences:

- penalties of a prohibitory nature (applicable even as a precaution) that “apply to the specific activity to which the entity’s offence relates” and that have a duration of not less than three months and not more than two years, which may in turn consist of:
 - disqualification from carrying on a business;
 - suspension or revocation of authorisations, licences or concessions relating to the offence committed;
 - exclusion from contracts with public administrations;
 - exclusion from entitlement to public concessions, grants, contribution or subsidies and the revocation of those granted;
 - prohibition on advertising goods or services;
- confiscation of the profits of the crime;
- publication of the ruling.

Fines are decided by the criminal judge by using a system based on “quotas”, which are not less than one hundred and not greater than one thousand in number and which are variable in amount for each single quota, varying from a minimum of €258.23 to a maximum of €1,549.37 (and therefore for an amount which ranges from a minimum of €25,823.00 and a maximum of €1,549,370.00).

An entity is deemed liable even in cases of attempted crimes, which is to say in cases where actions have been carried out designed unequivocally to commit one of the crimes which constitute predicate offences by the legal entity.

In these cases fines (in terms of amount) and prohibition penalties (in terms of time) are reduced by between one third and one half, while no penalties are imposed in cases where the entity voluntarily prevents the deed from being accomplished or the event from occurring (Art. 26 of Decree 231).

Crimes committed abroad.

In accordance with Art. 4 of Decree 231, an entity may be held liable in Italy for crimes relevant for the purposes of the corporate liability of entities that are committed abroad. The Illustrative Report on Decree 231 underlines the need to prevent a type of criminal situation which frequently occurs from going unpunished and also to prevent the entire legislation in question from being easily evaded.

Models of organisation, management and control.

Decree 231 attributes the value of extenuating circumstances to the models of organisation, management and control of entities. More specifically, if a crime is committed by a person in a 'senior' position, the entity is not held liable if it can prove that:

- a) the governing body adopted and effectively implemented, before the deed was committed, appropriate models of organisation and management designed to prevent crimes of the type committed;
- b) the task of supervising the functioning and compliance with the models and updating them has been assigned to a body of the entity with independent powers to act and monitor;
- c) the persons who committed the crime fraudulently evaded the models of organisation and control;
- d) there was no omission or insufficiency of supervision by the supervisory body.

If, however, a crime is committed by persons subject to the management or supervision of others, an entity is held liable if the crime committed was made possible by the violation of management or supervision obligations which the entity is held to comply with.

In any event, the violation of management or supervision obligations is excluded if an entity has adopted and effectively implemented, before the deed was committed, appropriate models of organisation and management designed to prevent crimes of the type committed.

Art. 7, paragraph 4 of Decree 231 also defines the requirements for effective implementation of organisational models and requires the following:

- periodic verification of the model and modification of it when significant violations of regulations are discovered or when organisational and business changes occur;
- an appropriate disciplinary system which punishes failure to comply with the regulations of the model.

In the hypothesis of the case contemplated by the cited article 7, the onus of proof concerning the adoption and effective implementation of Model 231 lies with the Public Prosecutor.

Decree 231 describes the contents of the models of organisation and management and state that in relation to the extension of powers delegated and the risk of crimes being committed, these must:

- identify the areas of activities in which crimes may be committed;
- create specific regulations to programme the formation and implementation of an entity's decision regarding the prevention of criminal offences;
- identify ways of managing funds in order to prevent crimes from being committed;
- establish compulsory reporting to the body responsible for supervising the functioning of the model and compliance with it;
- introduce a disciplinary system which punishes failure to comply with the regulations of the model.

Furthermore, in accordance with Art. 30 of Legislative Decree No. 81/2008 (hereinafter also the "Consolidated Safety Law"), a model of organisation and control which effectively exempts an entity from corporate liability pursuant to Decree 231 must be adopted and effectively implemented, ensuring the existence of a corporate system which satisfies all the legal requirements concerning the following:

- a) compliance with legal technical and structural standards relating to equipment, plant, workplaces, and chemical, physical and biological agents;
- b) risk assessment activities and implementation of the resulting preventative and protection measures;

- c) activities of an organisational nature, such as emergencies, first aid, contract management, periodic safety meetings and consultation with workers' safety representatives;
- d) health and hygiene supervisory activities;
- e) the provision of information and training for workers;
- f) oversight activities relating to compliance with operational safety procedures and instructions by workers;
- g) the acquisition of documentation and certifications that are compulsory by law;
- h) periodic verification of the application and effectiveness of the procedures adopted.

The model must also provide for the following:

- appropriate systems to record the implementation of the activities listed above;
- with regard to the requirements concerning the nature and dimensions of the organisation and the type of activity performed, the functions must be organised in such a manner as to ensure they have the expertise and powers needed to verify, assess, manage and control risks;
- an appropriate disciplinary system which punishes failure to comply with the regulations of the model;
- an appropriate system to monitor implementation of the model and maintenance of the appropriateness of the measures adopted over time;
- review and modification of the model when significant violations of accident prevention and safety at work regulations occur, or when organisational changes and scientific and technological progress occur.

The adoption and effective implementation of a 231 Model, even after the crime has been committed, may mitigate against the severity of the penalties under Decree 231 in accordance with articles 12, 17 and 78.

As concerns the crimes listed in Art. 25 of Decree 231 in particular, a further mitigating circumstance exists for prohibition penalties in cases where, before the conviction in the court of first instance (and therefore not according to the general rule that is applied until a hearing commences), the entity has effectively taken steps: to prevent the criminal activity from leading to further consequences; to secure the evidence of the crimes and to identify those responsible; or to confiscate sums or other benefits and eliminate organisational shortcomings which have determined the crime by the adoption and implementation of organisational models designed to prevent crimes of that type from occurring again.

The UBI Factor model of organisation, management and control pursuant to Legislative Decree No. 231/2001.

UBI Factor has adopted its own “231” model of organisation, management and control, which complies with Decree 231 and the relative legislation and regulations that apply and is based on principles that are already rooted in its governance culture and on the recommendations contained in the Italian Banking Association Guidelines and in the Assifact Guidelines.

UBI Factor S.p.A.’s 231 Model of organisation, management and control is the founding element of the overall 231 framework, which includes the following elements:

- (i) the general part of the Model which gives a description of the following:
 - the regulatory framework;

- the nature of the company (system of governance and organisational structure of UBI Factor);
 - the structure of UBI Factor’s 231 model of organisation, management and control;
 - identification and appointment of the supervisory body of UBI Factor, with specification of the relative powers, tasks and minds of reporting and regard it;
 - the functioning of the disciplinary system and the relative penalties;
 - the training and communication plan to be adopted to ensure that people have a knowledge of the measures and regulations of the 231 model;
- (ii) the special part of the Model, which gives a description of:
- the types of crime (and corporate offences) that are important for the purposes of the corporate liability of entities which the Company had decided to take into consideration in view of the nature of its business;
 - sensitive processes/activities and the relative control procedures;
- (iii) the Code of Conduct, which constitutes UBI Factor’s internal self-disciplinary rulebook, which has been drafted on the basis of the Code of Ethics. It provides those whom it governs with a framework of the principles of behaviour with which to assess concrete situations from time-to-time and whether decisions to be taken are compliant with ethical principles and with regulations;
- (iv) the Code of Ethics, which defines the manner in which UBI Factor intends to pursue its mission and act in dealings with its various stakeholders, by basing its management and operating activities on observance of moral and legal obligations towards society;
- (v) the MIAR (Risk Area Identification Matrix – RAIM), which, as specified later in this document, maps activities, which in consideration of the specific contents, are potentially vulnerable to the commission of crimes (and corporate offences) that are significant for the purposes of the possible corporate liability of UBI Factor;
- (vi) the Implementation Matrix which specifies the relationships between the RAIM and the relative protocols for implementing the provisions of the 231 Model.
- (vii) the 231 Regulation which, in compliance with the recommendations contained in section 3 of the 231 Model (“Model of Organisation, Management and Control of UBI Factor S.p.A.”) and section 4 (“Supervisory Body pursuant to Decree 231”), has the purpose of setting out the following:
- the role of the Parent in relation to its subsidiaries for the purposes of Decree 231;
 - the process for updating the 231 Model, by formulating proposals for amendments to be submitted to the Board of Directors for approval;
 - the process for verification of the adequacy of 231 Model for the purpose of evaluating its ability to prevent illegal conduct and evaluate the consistency of the actual behaviour within the Company with the provisions of the 231 Model itself;
 - the establishment of a standardised and predetermined system for the exchange of information.

The UBI Factor supervisory body.

As already stated, on the basis of the provisions of Decree 231 an entity may be exonerated from liability resulting from the commission of crimes by the persons specified under Art. 5 of Decree 231,

if the management body has, in addition to having adopted and implemented an appropriate organisation model of organisation, also entrusted the task of supervising the functioning and compliance with the models and updating them to a body of the entity with independent powers to act and monitor (art. 6, paragraph 1, lett. a and b).

Entrusting the aforementioned tasks to a body with independent powers to act and monitor together with proper and effective performance of those activities represent therefore necessary and indispensable assumptions for exoneration of an entity from liability as provided for by Decree 231.

In compliance with paragraph 4 *bis* of article 6, paragraph 1, letter b) of Decree 231 and in view of the recommendations of the most representative trade associations and the Italian Banking Association above all, UBI Factor has formed its supervisory body (hereinafter, the “**Supervisory Body**”) as a collegial body composed of an odd number of members and in possession of the qualities of professionalism and expertise in the financial, economic and risk control areas, amongst others. This body, that is guaranteed total independence in the exercise of its functions, is the Company’s Board of Statutory Auditors.

The creation and appointment of the Supervisory Body

The Supervisory Body of UBI Factor is appointed by a resolution of the Board of Directors and the term of office of its members expires with that of the Board of Statutory Auditors of which they are members and they may be re-elected.

Functions and powers of the Supervisory Body

The Supervisory Body is granted the following duties and powers to act and monitor required to ensure effective and efficient supervision of the functioning of and compliance with the Model in accordance with the provisions of Art. 6 of Decree 231:

- to verify, on the basis of a work plan approved annually and/or surprise inspections, the effectiveness of the Model in relation to the organisation of the Company and its effective ability to prevent the commission of crimes pursuant to the Decree, and it makes proposals, where considered necessary, to update the 231 Model with particular attention paid to developments and changes in the Company’s organisational structure, its operations and/or in the current regulatory framework;
- to monitor, on the basis of the work plan approved, the validity of the 231 Model and of its procedures (“protocols”) over time, and it undertakes, subject at times to prior consultation with the organisational units involved, all actions necessary to ensure its effectiveness;
- to carry out, on the basis of the work plan approved, or also by means of unprogrammed surprise inspections, on-site checks on organisational units considered at risk of crime, in order to ascertain whether activities are being carried out in compliance with the 231 Model adopted;
- to identify any shortcomings in the implementation of the Model with the proposal of the relative mitigation actions, verifying the implementation and effective functioning of solutions proposed by means of follow-up activities;
- to periodically verify, with support from other competent functions, the system of powers in force, and to recommend modifications where operational powers and/or the rank in question do not correspond to the powers to represent the Company conferred on internal managers or the managers under them;
- to define and oversee, in implementation of the Model, the lines of reporting that allow the Supervisory Body to be constantly kept up-to-date by the organisational units concerned involved

- in activities considered at risk of crime and also to establish communication and reporting procedures in order to acquire knowledge of potential violations of the Model;
- to oversee the effective application of the 231 Model and to detect any changes in behaviour which might potentially emerge from an analysis of information flows and reports received;
 - to implement, in compliance with the 231 Model, effective reporting to the competent governing bodies which allows the Supervisory Body to inform them of the efficacy of the Model and compliance with it;
 - to promptly inform the Board of Directors of any violations of provisions (regulatory and procedural) which might give rise to crimes pursuant to the 231 Decree;
 - to encourage, in collaboration with the competent functions, activity to inform and train staff by means of appropriate initiatives to disseminate knowledge and understanding of the 231 Model and to verify that these are actually carried out;
 - to monitor internal managers of areas at risk of crime to ensure that they are properly trained on their tasks and duties relating to oversight of their area for the purposes of preventing the commission of crimes pursuant to the Decree;
 - to communicate any violations of the Model to the competent bodies for the purposes of taking possible disciplinary measures and also to monitor the outcome of these;
 - to verify and evaluate the appropriateness of the disciplinary system within the meaning of and in compliance with Decree 231;

For the purposes of carrying out its duties, the following powers have been conferred on the Supervisory Body:

- to access all documents and/or company information of importance for carrying out the functions assigned to the Supervisory Body in accordance with Decree 231 and the 231 Model;
- to make use of outside advisors of proven professionalism in cases in which this becomes necessary to carry out the activities for which it is responsible;
- to demand that managers of organisational units promptly provide information, data and/or news requested of them;
- to proceed, should it be necessary, to hear directly from employees and directors;
- to request information from external consultants, financial and commercial partners, service providers and also auditors of accounts with regard to activities carried out on behalf of the Company.

The Supervisory Body shall appoint a secretary, selected by the body from amongst its members or from amongst employees of the Company, who shall be responsible for managing support activities for the preparation of meetings (i.e. convening meetings, acquiring and assessing material to be examined by the Supervisory Board), minuting meetings, recording minutes in company records and storage of those records.

For the purpose of carrying out its duties efficiently and effectively, in order to carry out its operational activities the Supervisory Body may make use of assistance from all the Company's functions and units (or those existing at UBI Banca which provides services to the Company on the basis of intragroup service contracts), inclusive of the following functions: Internal Audit, Legal, Compliance and Organisation. As concerns issues regarding health and safety at the workplace in

particular, the Supervisory Body may make use of assistance from all the staff involved in the management of the relative aspects (RSPP - Manager of the Prevention and Protection Service, ASPP – Prevention and Protection Service staff, RLS – workers’ safety representatives, MC - corporate physician, first aid qualified staff, firefighting qualified staff).

The Supervisory Body adopts its own regulation in order to govern the procedures of its functioning.

Verifications and monitoring the Model.

The Supervisory Body prepares a work plan on an annual basis with which it plans its activities which contains the following: a calendar of activities to be carried out during the year; frequencies with which controls are carried out; identification of analysis criteria and procedures; possibility of carrying out unprogrammed inspections and controls.

The Supervisory Body is granted wide ranging powers during checks and inspections in order for it to perform the tasks assigned to it effectively and in particular it shall be given access, with no limitation whatsoever, to corporate documents and be able to carry out interviews, acquire information from third parties and make use of advisors specially appointed for the purpose.

Disclosure obligations to the Supervisory Body – Lines of reporting and reports received.

Employees are required to inform the Supervisory Body of possible violations by means of the following channels of communication:

- **email:** Organismo.di.Vigilanza.231@ubifactor.it
- **letter addressed to:** UBI Factor S.p.A.
Organismo di Vigilanza 231
Via Cavriana, 20
20134 – Milano (MI)

Reporting obligations regarding conduct contrary to the provisions of the 231 Model fall within the broader duty of diligence and the obligation of loyalty towards an employer pursuant to articles 2104 and 2105 of the Italian Civil Code. Reports must be made in written form and may be anonymous.

The following rules of a general nature apply in this respect:

- violation of the 231 Model is defined as any conduct which violates the principles of the 231 Model inclusive of procedures that constitute its implementation;
- all senior officers of the Company are therefore required to promptly report any information regarding: i) crimes committed or the reasonable danger of crimes (and corporate offences) relevant for the purposes of the corporate liability of entities being committed; ii) “practices” not in line with the codes of conduct issued by the Company; iii) behaviour which might, in any case determine a violation of the 231 Model;
- each manager of an organisational unit with responsibility for the co-ordination units is required to officially and promptly report any behaviour that is not compliant with the 231 Model to the Supervisory Board;
- employees, commercial partners, consultants, associates, those termed ‘para-employees’ and all stakeholders in general report violations (or presumed violations) of the 231 Model with regard to business with UBI Factor and activity performed with regard to UBI Factor to the Supervisory Body in accordance with the provisions laid down this sub-section of this document;
- the Supervisory Body assesses, using its own discretion and on its own responsibility, the reports received and it identifies any necessary initiatives;

- if a report of violations of the 231 Model concerns the members of the Board of Directors and/or the Board of Statutory Auditors, it will also be communicated to the Chair of the Board of Directors and the Chair of the Board of Statutory Auditors or, if it regards the Chair of the Board of Statutory Auditors to the Chair of the Board of Directors and, if it regards the Chair of the Board of Directors, to the Chair of the Board of Statutory Auditors.

The Supervisory Body assesses reports received, inclusive of anonymous reports in accordance with the provisions of the 231 Model. Information concerning the following must also be communicated to the Supervisory Body by the corporate functions that work in the area of sensitive activities: i) the periodic results of control activities put in place by it to implement the 231 Model (summary reports of activities performed, monitoring activities, indexes of actual performance etc.); ii) anomalies or unusual occurrences encountered in the information available (a fact which may not be important considered by itself, could be evaluated differently if it repeats or happens also in other areas).

All the information, documentation and reports acquired in carrying out institutional duties must be filed and kept for at least five years by the Supervisory Body, with care taken to maintain the confidentiality of the documents and information acquired in compliance, amongst other things, with regulations on privacy.

Reporting by the Supervisory Body to governing bodies.

The Supervisory Body reports on the implementation of the 231 Model, on any critical aspects there may be and on the need to make modifications to it. Two separate lines of reporting are provided for:

- the first is on a continuous basis directly to the General Manager;
- the second is on a periodical basis to the Board of Directors and the Board of Statutory Auditors.

Disciplinary system.

Function of the disciplinary system.

The definition of an adequate disciplinary system constitutes an essential necessary condition if the model of organisation, management and control in accordance with Decree 231 is to constitute a justification with regard to the corporate liability of entities.

Measures with regard to employees.

Observance of the regulations and rules of conduct specified under the 231 Model constitutes compliance by the employees of UBI Factor with the obligations contained in Art. 2104, paragraph 2 of the Italian Civil Code, obligations of which the content of the 231 Model represents a substantial and integral part.

Violation of the individual regulations and rules of the 231 Model by employees of UBI Factor always constitutes a disciplinary offence.

The measures laid down in the 231 Model that it is intended to punish if violated, are communicated by means of an internal memorandum to all employees and are placed on display in places accessible to all and they are binding on all employees of the Company.

Disciplinary measures are imposed on employees of UBI Factor, in accordance with Art. 7 of Law No. 300 of 20th May 1970 (the “Workers’ Statute”) and any specific legislation that may apply.

As concerns penalties resulting from violations of the regulations of the 231 Model, the general principles and rules contained in the disciplinary code already issued by UBI Factor and distributed in the same manner as described above apply.

For employees who are not senior managers, these measures are those contained in the disciplinary regulations of the relative national trade union agreement.

Disciplinary action is initiated for each report of a violation of the 231 Model in order to ascertain whether a violation has actually taken place.

For the ascertainment of infringements, the disciplinary procedures and the imposition of penalties, the powers conferred on the management of UBI Factor within the limits of the respective authorisations and responsibilities apply.

However, each action concerning these procedures must be communicated to the Supervisory Body which will assess where responsibility lies.

UBI Factor nevertheless reserves the right to claim compensation for damages caused by violation of the 231 Model by an employee.

If the regulations and rules of conduct contained in the 231 Model are violated by senior managers, once UBI Factor has ascertained the responsibility of the person committing the violation, it adopts those measures it considers most appropriate. If the violation of the 231 Model determines the loss of a relationship of trust between the Company and a senior manager, the penalty is dismissal for just cause.

Measures with regard to members of the Board of Directors and the Board of Statutory Auditors.

Special penalties are employed if violations of the regulations and rules of conduct of the 231 Model are committed by members of the Board of Directors or the Board of Statutory Auditors.

Measures with regard to commercial partners, consultants and associates.

The violation by commercial partners, consultants, external associates, or others with whom the Company has entered into contracts, of the regulations and rules of conduct contained in the 231 Model that apply to them or crimes (and administrative offences) relevant for the purposes of the corporate liability of entities committed by them are punished on the basis of the specific clauses contained in the relative contracts.

Obviously UBI Factor nevertheless reserves the right to claim compensation for damages caused by violation of the regulations and rules of conduct contained in the 231 Model by these external parties described above.

Training and communication.

Introduction

In order to implement the 231 Model effectively, UBI Factor intends to ensure correct dissemination of its contents both inside and outside its organisation.

More specifically, it is the objective of UBI Factor to extend communication of the contents of the 231 Model, not just to its own employees, but also to those who, although not officially employees, work, even on a casual basis, to achieve the objectives of UBI Factor as a result of contractual relationships.

The activity of communication and training, which differs according to the recipients, is in any case characterised by principles of completeness, clarity, accessibility and continuity in order to allow the various recipients full knowledge of the Company's regulations which they are held to comply with and the ethical standards which must guide their behaviour.

Communication and training activity is supervised and supplemented by the Supervisory Body.

Information provided to employees and members of the governing bodies.

Each employee is required to: i) acquire a knowledge of the contents of the 231 Model; ii) know the operating procedures with which their activity must be performed; iii) contribute actively in relation to their position and their responsibilities to the effective implementation of the 231 Model, reporting any failures encountered in it.

In order to guarantee effective and rational communication, UBI Factor promotes and facilitates acquisition of a knowledge of the contents of the 231 Model by employees, where the depth of the knowledge differs according to the degree of involvement in the activities identified as sensitive according to Decree 231.

Employees may consult the 231 Model by accessing the relative folders on the Company's network discs. Furthermore, in order to facilitate understanding and knowledge of the 231 Model, employees are required to participate in specific training initiatives provided by the Company which shall differ according to the degree of their involvement in activities identified as sensitive according to Decree 231.

New employees shall receive a copy of the 231 Model and they shall be required to sign a declaration stating that they shall comply with the contents of the 231 Model as described in it.

The same procedures for the dissemination of the 231 Model used for employees shall apply to members of the governing bodies of UBI Factor.

Appropriate instruments of communication shall be adopted to update employees on any modifications that may be made to the 231 Model and on changes in procedures, regulations or organisation.

Information provided for other recipients.

Activity to communicate the contents of the 231 Model is directed towards external parties who work for UBI Factor under contracts or who represent the Company but without being bound to it by conventional employee contracts (e.g.: commercial partners, consultants, sales persons and other independent associates).

To achieve this, the most important external associates of UBI Factor will be furnished with a copy of the 231 Model and a copy of the Code of Ethics. External associates who will be given a summary of the 231 Model and a copy of the Code of Ethics, will be asked to sign a declaration stating that they have received the documents and agree to comply with the contents.

Having considered the purposes of the 231 Model, UBI Factor shall consider the advisability of communicating the contents of the 231 Model to outside parties other than those indicated, solely as an example and more generally to markets.

Training activity.

UBI Factor provides specific training activity, with the support of its internal training functions, for all employees in order to ensure that there is widespread and adequate knowledge and understanding of the 231 Model. It is also designed to encourage the dissemination of a corporate culture which is oriented towards the pursuit of increasingly greater transparency and integrity.

The following methods of training are used:

- classroom sessions with dedicated lessons or by the introduction of specific modules in other training sessions depending on the contents and the recipients of the training, with tests to verify the level of learning;

- e-learning: with a module on the general part for all employees, with intermediate exercises and learning tests.

The contents of training activities are constantly updated on the basis of updates to the 231 Model itself.

Participation in training activities is compulsory. Acting through the organisational unit UBIF – Human Resources, the Supervisory Body collects and archives evidence and certification of actual participation in this training activity.

The activities identified as sensitive for the purposes of Decree 231 in UBI Factor.

The activities identified as sensitive for the purposes of Decree 231 in UBI Factor with regard to crimes against public administrations.

An analysis of the corporate processes of the Company identified the areas in which the types of crimes mentioned in articles 24, 25 and 25 decies of Decree 231 may theoretically be committed. A list of the activities, including but not limited to, considered “sensitive” or at risk with regard to crimes against public administrations is given below as follows:

1. negotiation, signing and performance of contracts/standing arrangements with public or private sector entities (e.g. factoring operations);
2. management of relations with public sector entities which operate as public authorities in determined areas of responsibility. These include public supervisory authorities (e.g. Bank of Italy; European Central Bank (ECB); Financial Intelligence Unit; Consob (Italian securities market authority); Italian Competition Authority; National Anti-corruption Authority (ANAC); Italian Regulatory Authority for Energy, Networks and Environment (ARERA); Authority to Guarantee Communications; Ministries; Authority to Guarantee the Protection of Personal Data). Compliance and inspections;
3. management of relations with public entities to obtain authorisations and licences for carrying on company business, or more generally in the interest and to the advantage of the Company;
4. selection, appointment and management of personnel, including personnel belonging to protected groups or for whom concessions are granted for employing them;
5. relations with the judicial authorities and its ancillaries (e.g. the magistrates, the judicial police, etc.);
6. the management of relations with members of governing bodies, employees or third parties involved in court proceedings;
7. the implementation and/or promotion and management of sponsorships and commercial or humanitarian and charitable initiatives;
8. management of relations with financial authorities, also for tax compliance purposes;
9. acquisition and/or management of contributions/subsidies/loans granted by public authorities to the Company;

10. management of litigation in and out of court (e.g. civil, tax, labour law, administrative law, criminal law, credit recovery etc.). The appointment of lawyers and the co-ordination of their activities;
11. commercial collaboration agreements (more specifically, standing commercial collaboration agreements with third parties in their capacity as business developers). Selection, establishment and regulation of the business relationship, setting remuneration, management and termination of the relationship;
12. the management of funds and powers to sign;
13. the lease of real estate properties;
14. definition, management and grant of free gifts and use of Company property;

The activities identified as sensitive for the purposes of Decree 231 in UBI Factor, with regard to the forgery of coins, public credit notes, duty stamps, identification instruments and distinctive signs.

An analysis of the corporate processes of the Company identified an area in which the types of crimes mentioned in article 25-bis of Decree 231 may theoretically be committed.

A list of the activities considered sensitive or at risk with regard to the crimes of the forgery of coins, public credit notes, duty stamps, identification instruments or distinctive signs is given below as follows:

1. management and availability, use or holding of cash /duty stamps.

The activities identified as sensitive for the purposes of Decree 231 in UBI Factor with regard to corporate crimes.

An analysis of the corporate processes of the Company identified an area in which the types of crimes mentioned in article 25-ter of Decree 231 may theoretically be committed. A list of the activities, including but not limited to, considered “sensitive” or at risk with regard to corporate crimes is given below as follows:

1. preparation of accounts (inclusive of consolidated accounts), reports and other company communications required by law for disclosure to shareholders or the public and compliance with obligations introduced by Law No. 262/2005 concerning company accounting documents;
2. management of relations with the Board of Statutory Auditors, independent auditors and shareholders. Preparation, keeping and archiving of the documents over which they could exercise control;
3. operations concerning own shares and quotas and operations concerning share capital and allocation of profits;
4. preparation of general meetings of shareholders, the proceedings and minutes of general meetings;
5. communications to the supervisory authorities and management of relations with them;
6. communication of conflicts of interest in compliance with Art. 2391, paragraph 1, of the Italian Civil Code;

7. winding up of companies;
8. management of intercompany transactions;
9. authorisation and provision of financial services as provided for by the Articles of Association of the Company;
10. the management of investments (e.g. the acquisition of companies or stakes in companies, strategic agreements, other extraordinary finance transactions);
11. The negotiation, signing and performance of commercial collaboration agreements (more specifically, standing commercial collaboration agreements with third parties in their capacity as business developers). Selection, establishment and regulation of the business relationship, setting remuneration, management and termination of the relationship;
12. negotiation, signing and performance of contracts/standing arrangements with public or private sector entities (e.g. factoring operations);
13. management of intragroup activities that are either delegated or managed within the Group;
14. definition, management and grant of free gifts and use of Company property;
15. the implementation and/or promotion and management of sponsorships and commercial or humanitarian and charitable initiatives;
16. negotiation and grant of exceptions to conditions on financial products and services;
17. relationships that the Company holds with stakeholders and external counterparties;
18. negotiation (by means of private negotiations or the organisation of public tenders) and management of relationships with consultants or suppliers of goods and/or services (management of the procurement process);
19. management of career paths and of financial/career rewards;
20. management of litigation in- and out-of-court (e.g. civil, tax, labour law, administrative law, criminal law, credit recovery etc.). The appointment of lawyers and the co-ordination of their activities;
21. selection, appointment and management of personnel, including personnel belonging to protected groups or for whom concessions are granted for employing them;
22. the lease of real estate properties;
23. the management of funds and powers to sign.

The activities identified as sensitive for the purposes of Decree 231 in UBI Factor with regard to crimes of terrorism and subversion of democratic law.

An analysis of the corporate processes of the Company identified areas in which the types of crimes mentioned in article 25-*quater* of Decree 231 may theoretically be committed.

A list of the activities, including but not limited to, considered “sensitive” or at risk with regard to crimes of terrorism and subversion of democratic law is given below as follows:

1. authorisation and provision of financial services as provided for by the Articles of Association of the Company;
2. the management of investments (e.g. the acquisition of companies or stakes in companies, strategic agreements, other extraordinary finance transactions);
3. the negotiation, signing and performance of commercial collaboration agreements (more specifically, standing commercial collaboration agreements with third parties in their capacity as business developers);
4. negotiation, signing and performance of contracts/standing arrangements with public or private sector entities (e.g. factoring operations);
5. the implementation and/or promotion and management of sponsorships and commercial or humanitarian and charitable initiatives;
6. negotiation (by means of private negotiations or the organisation of public tenders) and management of relationships with consultants or suppliers of goods and/or services (management of the procurement process);
7. the selection of commercial and financial partners and management of the relative relations;
8. the lease of real estate properties.

The activities identified as sensitive for the purposes of Decree 231 in UBI Factor with regard to crimes against the person of individuals.

An analysis of the corporate processes of the Company identified areas in which the types of crimes mentioned in article 25-*quinquies* of Decree 231 may theoretically be committed. A list of the activities, including but not limited to, considered “sensitive” or at risk with regard to crimes against persons is given below as follows:

1. negotiation, signing and performance of contracts/standing arrangements with public or private sector entities (e.g. factoring operations);
2. activities which involve direct or indirect use of labour (e.g. awarding contracts, for cleaning, etc.).

The activities identified as sensitive for the purposes of Decree 231 in UBI Factor with regard to the crime of market rigging and the crimes (and corporate offences) of abuse of insider information and market manipulation.

Analysis of the corporate processes of UBI Factor identified the areas of the activities in which the crime of market rigging, the crimes mentioned in article 25 *sexies* of Decree 231 and the corporate offences referred to in Art. 187-*quinquies* of Legislative Decree No. 58/1998 may theoretically be committed.

The activities identified as sensitive or at risk with regard to the crime of market rigging and the crimes (and administrative offences) of abuse of insider information and market manipulation are listed below as follows:

1. the issue of information and more generally important information relating to the Company through the media (e.g. press releases, website postings etc.);
2. the management of insider information relating to the Company or to third parties.

The activities identified as sensitive for the purposes of Decree 231 in UBI Factor with regard to transnational crimes.

An analysis of the corporate processes of the Company identified the areas of activity in which the types of crimes mentioned in Law No. 146/2006 may theoretically be committed.

A list of the activities, including but not limited to, considered “sensitive” or at risk with regard to transnational crimes is given below as follows:

1. authorisation and provision of financial services as provided for by the Articles of Association of the Company;
2. the management of investments (e.g. the acquisition of companies or stakes in companies, strategic agreements, other extraordinary finance transactions);
3. the negotiation, signing and performance of commercial collaboration agreements (more specifically, standing commercial collaboration agreements with third parties in their capacity as business developers).
4. negotiation, signing and performance of contracts/standing arrangements with public or private sector entities (e.g. factoring operations);
5. the lease of real estate properties;
6. the implementation and/or promotion and management of sponsorships and commercial or humanitarian and charitable initiatives;
7. negotiation (by means of private negotiations or the organisation of public tenders) and management of relationships with consultants or suppliers of goods and/or services (management of the procurement process);
8. the selection of commercial and financial partners and management of the relative relations.

The activities identified as sensitive for the purposes of Decree 231 in UBI Factor with regard to crimes concerning health and safety at the workplace.

An analysis of the corporate processes of the Company identified areas in which the types of crimes mentioned in article 25-septies of Decree 231 may theoretically be committed. Activities identified as sensitive or at risk for crimes concerning health and safety at the workplace are listed below:

1. the planning and organisation of roles and activities connected with health, safety and hygiene at the workplace;
2. the delegation of responsibilities to functions with regard to health, safety and hygiene at the workplace;

3. the identification, assessment and management of risks with regard to health, safety and hygiene at the workplace;
4. activity to inform personnel on matters concerning health, safety and hygiene at the workplace;
5. training activity with regard to health, safety and hygiene at the workplace;
6. relations with suppliers with regard to activities connected with health, safety and hygiene at the workplace;
7. the management of corporate assets with regard to activities connected with health, safety and hygiene at the workplace;
8. controls and corrective action with regard to activities connected with health, safety and hygiene at the workplace.

The activities identified as sensitive for the purposes of Decree 231 in UBI Factor with regard to crimes consisting of the receipt, use of money, goods or benefits of illicit origin and “self-laundering”.

An analysis of the corporate processes of the Company identified areas in which the types of crimes mentioned in article 25-*octies* of Decree 231 may theoretically be committed.

Activities identified, including but not limited to, as sensitive or at risk with regard to crimes consisting of the receipt, laundering and use of money, goods or benefits of illicit origin are listed below as follows:

1. authorisation and provision of financial services as provided for by the Articles of Association of the Company;
2. the management of investments (e.g. the acquisition of companies or stakes in companies, strategic agreements, other extraordinary finance transactions);
3. the negotiation, signing and performance of commercial collaboration agreements (more specifically, standing commercial collaboration agreements with third parties in their capacity as business developers);
4. negotiation, signing and performance of contracts/standing arrangements with public or private sector entities (e.g. factoring operations);
5. the implementation and/or promotion and management of sponsorships and commercial or humanitarian and charitable initiatives;
6. negotiation (by means of private negotiations or the organisation of public tenders) and management of relationships with consultants or suppliers of goods and/or services (management of the procurement process);
7. the selection of commercial and financial partners and management of the relative relations;
8. the lease of real estate properties;
9. price setting, management and adjustment for a service, product, relationship or transaction, including through wholesale actions and operations;

10. the management of financial operations and transactions with Italian and foreign institutional clients;
11. the management of intragroup financial operations and transactions;
12. administrative management of income and expense accounting processes (invoicing, payments, receipts, etc.).

The activities identified as sensitive for the purposes of Decree 231 in UBI Factor with regard to computer crimes and the illicit processing of data.

An analysis of the corporate processes of the Company identified an area in which the types of crimes mentioned in article 24-bis of Decree 231 may theoretically be committed.

A list of the activities considered “sensitive” or at risk with regard to computer crimes and the illicit processing of data is given below as follows:

1. the definition of rules to be adopted with regard to the safety of computer and electronic systems;
2. the management of access to computer systems by internal and external users, of user profiles and authentication processes;
3. the management of the security of legally valid electronic documents and the protection of networks and communications;
4. the management of physical and environmental security (including the security of equipment, wiring, network devices, information etc.) and of asset (tangible and intangible) inventory activities;
5. the acquisition and management of equipment, system devices (including detection devices) or software programmes (including the development of them and installation and maintenance services for them);
6. the monitoring and periodic testing of IT systems and the management of incidents and IT security problems;
7. the management of infrastructural aspects of on-line transactions.

The activities identified as sensitive for the purposes of Decree 231 in UBI Factor with regard to organised crime.

An analysis of the corporate processes of the Company identified an area in which the types of crimes mentioned in article 24-ter of Decree 231 may theoretically be committed.

A list of the activities, including but not limited to, identified as sensitive or at risk with regard to organised crime is given below as follows:

1. authorisation and provision of financial services as provided for by the Articles of Association of the Company;
2. the negotiation, signing and performance of commercial collaboration agreements (more specifically, standing commercial collaboration agreements with third parties in their capacity as business developers).

3. negotiation, signing and performance of contracts/standing arrangements with public or private sector entities (e.g. factoring operations);
4. the lease of real estate properties;
5. the implementation and/or promotion and management of sponsorships and commercial or humanitarian and charitable initiatives;
6. negotiation (by means of private negotiations or the organisation of public tenders) and management of relationships with consultants or suppliers of goods and/or services (management of the procurement process).

The activities identified as sensitive for the purposes of Decree 231 in UBI Factor with regard to crimes against industry and commerce.

An analysis of the corporate processes of the Company identified an area in which the types of crimes mentioned in article 25-bis.1 of Decree 231 may theoretically be committed.

A list of the activities identified as sensitive or at risk with regard crimes against industry and commerce is given below as follows:

1. participation in tenders;
2. the management of relations with appointed parties or the direct performance of the following activities:
 - a) the sale of goods or services on the market;
 - b) the sale or marketing of foodstuff substances or products;
 - c) the sale or distribution of intellectual property or industrial products;
 - d) the introduction into the country for distribution of objects or other goods.

The activities identified as sensitive for the purposes of Decree 231 in UBI Factor with regard to the violation of copyright.

An analysis of the corporate processes of UBI Factor identified areas in which the types of crimes mentioned in article 25-novies of Decree 231 may theoretically be committed.

1. The following activities:
 - a) possession for any reason;
 - b) importation;
 - c) distribution in any manner;
 - d) reproduction or duplication;
 - e) use for any reason;
 - f) production;
 - g) modification of the contents;

are considered as sensitive or at risk with regard to the violation of copyright where the activity relates to the following:

- i) software programmes for computers;
- ii) means designed to violate barriers placed to protect software programmes;
- iii) the contents of databases;
- iv) media containing sound or video recordings of musical, cinematographic or audiovisual works or similar or sequences of images in movement;

- v) works or parts of literary, dramatic, scientific or didactic, musical or dramatic-musical or multimedia works even if they form part of collective or composite works or databases;
- vi) encrypted services;
- vii) special decoding devices or elements or the decoding of audiovisual transmissions performed by radio, satellite or cable in both analogical and digital form where access is subject to conditions;
- viii) equipment, products or components or services for which the primary purpose or commercial use is to penetrate effective technological protection measures;
- ix) other intellectual property or parts of it, or other material protected for copyright purposes, including property held in electronic form.
- x) objects of art.

The activities identified as sensitive for the purposes of Decree 231 in UBI Factor with regard to environmental crimes.

An analysis of the corporate processes of the Company identified an area in which the types of crimes mentioned in article 25- *undecies* of Decree 231 may theoretically be committed.

A list of the activities considered “sensitive” or at risk identified with regard to environmental crimes is given below as follows:

1. waste disposal;
2. selection of suppliers and management of the relative relationships;
3. use and operation of heating and cooling systems.

The activities identified as sensitive for the purposes of Decree 231 in UBI Factor with regard to the employment of citizens of third party countries whose stay documents are irregular.

An analysis of the corporate processes of the Company identified an area in which the types of crimes mentioned in article 25- *duodecies* of Decree 231 may theoretically be committed.

Activities identified as sensitive or at risk with regard to the employment of citizens of third party countries whose stay documents are irregular are listed as follows:

1. selection, appointment and management of personnel, including personnel belonging to protected groups or for whom concessions are granted for employing them;
2. activities which involve direct or indirect use of labour (e.g. awarding contracts, for cleaning, etc.);
3. commercial collaboration agreements (more specifically, standing commercial collaboration agreements with third parties in their capacity as business developers). Selection, establishment and regulation of the employment relationship.

The activities identified as sensitive for the purposes of Decree 231 in UBI Factor with reference to the Tax crimes.

An analysis of the corporate processes of the Company identified an area in which the types of crimes mentioned in article 25- *quinquedecies* of Decree 231 may theoretically be committed.

Activities identified as sensitive or at risk with regard to tax crimes are listed as follows:

1. determination of tax charges and fulfillment of obligations relating to direct and indirect taxes;

2. the implementation and/or promotion and management of sponsorships and commercial or humanitarian and charitable initiatives;
3. management of relations with the financial administration also for the purposes of tax compliance;
4. advice and assistance regarding tax disputes, tax assessments and, more generally, the assessment and collection of direct and indirect taxes (payment notes, notices of assessment, deeds and communications relating to tax disputes, etc.), as well as various communications having as sender the Financial Administration (Agenzia delle entrate or Agenzia delle entrate - Riscossione or Equitalia Giustizia);
5. communications on tax matters to the financial administrations and management of relations with them;
6. calculation of taxes and duties and submission of periodic tax declaration to the Financial Administration;
7. preparation and conservation of accounting records and documents;
8. activities related to the preparation and approval of the draft financial statements and consolidated financial statements, where required, and of the interim reports;
9. accounting and recording of invoices issued and / or received;
10. administrative management of the active and passive cycles (invoicing, payments, collection, etc.).

The system of controls.

The controls designed to prevent the risk of crimes (and corporate offences) being committed that are relevant for the purposes of the corporate liability of entities, together with the provisions of the Code of Ethics, operate on two levels:

- **general protocols for activities**, which are always present in sensitive activities considered by the 231 Model;
- **general control principles**, which contain specific rules designed to regulate particular aspects of sensitive activities.

The protocols contain provisions which are directly applicable and also others which are implemented through existing regulations (e.g. procedures, circulars, etc.).

General and transversal protocols for all sensitive activities are as follows:

- a) **segregation of activities**: the performance of sensitive activities occurs by compliance with the principle of the segregation of activities between the person controlling and the person authorising;
- b) **rules**: the entity adopts and applies organisational measures designed to furnish at least general principles to regulate sensitive activities in compliance with the provisions of the 231 Model;

- c) **powers to sign and powers to authorise:** the Company has formalized within the regulatory body the list of Managers with signature and authorization powers and has defined the competences of those who carry out crucial phases or activities of processes exposed to risk;
- d) **traceability:** the persons and functions concerned and/or the IT systems used ensure the identification and traceability of the sources, the relative information and controls performed which support corporate decision-making and decision implementation and the manner of managing financial resources;
- e) **reports:** in cases where a senior officer of the Company receives requests – or even learns of them through third parties – to carry out activities in violation of procedural rules provided for and referred to in the 231 Model, that person must immediately inform their hierarchical superior and the Chief Audit Executive of UBI Banca.

The general control principles are given in detail in the sections – each one dedicated to various types of crimes (and corporate offences) relevant for the purposes of the corporate liability of entities, which the Company has considered because of the nature of its business – which constitute the “Special Parts” of the Model.

The structure of each Special Part is based on the association of the type of crime (described in section 1) with the sensitive activities identified by the Company in relation to that type of crime (listed in Section 2) and with the general control principles (Section 3).

The general protocols and the general control principles were formulated with reference, amongst other things, to trade association guidelines and to international best practices.

The system for the management of financial resources is not only governed by the regulations to implement the principles of “traceability” and “segregation” (the latter relating to the separation of duties and the opposition of functions), but also by the delegation of powers which is organised by the Company in compliance with the regulations for “powers to sign and powers to authorise”, which sets different levels of approval for spending by different parties and different procedures for signing on behalf of the Company in the authorisation of financial transactions.

The general control principles for crimes regarding health and safety at the workplace have been formulated in compliance with Art. 30 of paragraph 5 of Legislative Decree No. 81/2008, by making reference to UNI-INAIL guidelines for the creation of a system to manage occupational health and safety.

The general control principles on computer crimes and the illicit processing of data have been formulated on the basis of the following:

- the ISO 27001 standard, which sets the requirements to be satisfied for an adequate information security management system (ISMS) for the proper management of sensitive corporate data;
- the COBIT framework, which represents the accepted standard for information and communication technology (ICT) management;
- the internationally recognised SAS 70 audit standard for security controls of service providers, which involve controls of networks, IT environments and the relative processes.

Where activities that are sensitive for the purposes of computer crimes and the illicit processing of data to which they are associated are outsourced and performed by other Group companies or by external providers, these general control principles may be incorporated in the service contracts for the performance of the activities.

Finally, in cases where a sensitive activity identified by the Company is fully or partly performed by third parties in the name of and/or on behalf of the Company, the following additional general control principles shall apply in place of and/or to complete the general control principles in place for single sensitive activities, regulated by different “Special Parts” of the Model:

- **contracts:** a specific contract is stipulated for every sensitive activity which is fully or partly outsourced, which regulates the performance of the sensitive activity and defines the service level agreement in a detailed and thorough manner, in order to clearly state the activities for which the Company is responsible and those for which the outsourcer is responsible and to regulate the procedures by which, in compliance with the 231 Model, the sensitive activities must be performed by the outsourcer;
- **contact:** for every activity which is fully or partially outsourced, a person or function is identified that is responsible for compliance with the provisions contained in the service level agreement in order to oversee the responsibilities of the Company with regard to the externally outsourced activities;
- **special clauses:** special references to the regulations relating to the 231 Model shall be contained in service contracts stipulated with third parties for the performance of sensitive activities and explicit termination clauses are inserted designed to penalise behaviour by third parties which violates the provisions of the 231 Model;
- **controls:** in service contracts, third parties to whom the management of activities has been fully or partially outsourced, agree to take appropriate measures to prevent the commission of crimes and corporate offences relevant for the purposes of the corporate liability pursuant to Decree 231 which could be ascribed to the Company.