



MEDIOBANCA

**Summary of Mediobanca Group Policy for managing Money laundering  
and terrorist financing risk**

**December 2020**



## Group AML/CTF general principles

To ensure a proper compliance with AML/CTF regulations, Mediobanca Group's acts in accordance with the following principles:

- ◆ prohibition of establishing accounts, relationships or transactions with "shell banks"<sup>1</sup> or fiduciary companies, trusts, limited public companies or bearer-share owned companies based in one of the high-risk third countries of the European Commission list<sup>2</sup>. Such measures also apply to other legal entities otherwise named, and incorporated in the above countries, for which it is not possible to identify the beneficial owner or check its identity;
- ◆ prohibition of establishing relationships with parties convicted (also in case of no final judgement) for the following offences: association for the purpose of terrorism also on international nature, or the subversion of established law and order, subversive association, weapons against the State, mafia-type association, criminal association aimed at predicated money laundering offences, trafficking in persons, drug trafficking;
- ◆ prohibition of establishing relationships with parties resident or which mainly perform their activities in countries under total embargos;
- ◆ prohibition of executing transactions involving parties included in the applicable national or international anti-terrorism blacklists (e.g. EU regulations/ United Nations resolutions) on whatever grounds involved;
- ◆ must be provided name detection measures when establishing the business relationship and on an ongoing basis for all relevant parties (customers, representatives, beneficial owners) with which the Group enters into relationship, directly or indirectly, based on consultation of the main national and international checklists of names, in accordance with the best sector practices;
- ◆ transaction monitoring instruments able to detect any irregular behaviour in customer transactions, and payments screening processes to detect whether transfer instructions include any parties (payer/ payee) and/or countries (of origin/ destination) included in the international blacklists;
- ◆ customer profiling processes, both internal to the individual companies and within the Group, aimed at assigning each customer an ML/TF risk level based on both subjective information (e.g. personal data, adverse news) and objective data (e.g. reporting of suspicious transactions);
- ◆ application of enhanced measures in cases of a higher ML/TF risk – whether mandatorily required by the applicable regulations (e.g. business relationships and transactions which involve high-risk third countries of the European Commission list<sup>3</sup>) or the result of the customer profiling model internally adopted – including specific internal authorization processes and ongoing enhanced due diligence measures;
- ◆ in cases involving natural persons who are or who have been entrusted with prominent functions ("politically exposed persons", or "PEPs"):
  - assigns a high money laundering risk profile;

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<sup>1</sup> Banks or entities engaged in equivalent activities incorporated and authorised to perform their activities in a jurisdiction in which they have no physical presence, and are not affiliated with a regulated financial group.

<sup>2</sup> Non-EU member states which have strategic deficiencies in their local AML/CTF regimes as currently defined by Commission Delegated Regulation (EU) 2016/1675 of 14 July 2016, as amended. Current consolidated version available here <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:02016R1675-20201001>.

<sup>3</sup> Cf. note 10.



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- adopts enhanced due diligence procedures to collect and assess information related to the origin of the funds, sources of wealth, asset situation and relevant business affairs;
- ensures an ongoing due diligence model based on enhanced forms of regular behavioural monitoring;
- ◆ harmonisation of certain elements of the ML/TF risk assessment at Group level (e.g. grey/blacklist countries, use of the same name-detection databases, adoption of common operating guidelines);
- ◆ adoption of a Customer Group Registry, to ensure the harmonisation of ML/TF risk for common customers. This will include:
  - sharing at a consolidated level – without prejudice to applicable local legislation– of all relevant ML/TF data in order to prevent conducts involving money laundering, including news of any suspicious transactions that have been reported;
  - assigning the same risk profile to common customers between more than one Group company; this profile will be the highest of the profiles assigned by the different companies to the same customer;
- ◆ requesting on a risk-based approach, specific declarations from the customer on the fulfilment of their tax obligations;
- ◆ adopting a Group methodology for periodic self-assessment of the ML/TF risk to which each Group company is exposed, in accordance with the methodologies and criteria set by the Bank of Italy<sup>4</sup>;
- ◆ foreseeing periodical and episodic information flows, qualitative and quantitative, reporting in order to inform the corporate bodies and control functions (including those of the Parent Company) of any relevant events that could impact on the exposure to ML/TF risk;
- ◆ providing ongoing training programmes for employees and external collaborators, with the active and ongoing involvement of the AML function;
- ◆ providing mechanisms for ongoing and prior involvement of the AML function in the companies' innovation processes, in order to detect the specific risks inherent in every initiative and propose adequate mitigation measures.

Mediobanca, as Parent Company, is committed to ensure that its majority-owned Group companies and branches based in non-EU countries fully implement the policies and procedures on money laundering and terrorist financing defined at Group level, without prejudice to local applicable provisions. In case of legal restrictions on the application of Group procedures and on the circulation of money laundering relevant information, the Bank, based on a risk-based approach, will put in place additional measures to reduce the money laundering risk related to the transactions in these countries<sup>5</sup>.

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<sup>4</sup> Part VII of the Regulation of 26 March 2019 implementing rules for the organisation, procedures and internal controls to prevent the use of intermediaries or other entities performing financial activities for the purposes of money laundering or terrorist financing.

<sup>5</sup> Commission Delegated Regulation (EU) 2019/758 of 31 January 2019, supplementing Directive (EU) 2015/849 of the European Parliament and of the Council with regard to regulatory technical standards for the minimum action and the type of additional measures credit and financial institutions must take to mitigate money-laundering and terrorist financing risk in certain third countries.