

# **ANTI-CORRUPTION GUIDELINES**

– EXTRACT FROM THE POLICY –

## **INTRODUCTION**

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

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

## **GENERAL PRINCIPLE OF “ZERO TOLERANCE”**

The Bank 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 Code of Conduct, the Bank:

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

Bank’s employees 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.

The Bank's employees, who are involved in a corrupting act or facilitate conduct or act in a manner not in compliance with legal provisions and/or these Guidelines, shall be subject to disciplinary action as provided for by the rules and contractual provisions governing the specific employment relationship. The type and extent of the penalties are defined, in accordance with applicable legislation, by taking into account the degree of carelessness, unskillfulness, negligence, fault or intent of the behavior 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 characterized the act.

Disciplinary proceedings may also be initiated against employees who were aware of the involvement of other employees in violations described in these Guidelines, but did not report such violations.

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

Any violations by components of administrative or control bodies within the Bank are analysed by the membership body in order to undertake 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 these Guidelines have been defined by the Bank independently from any criminal offences that the prohibited conduct may determine.

## **AREAS AT GREATEST RISK**

The Bank 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 behavior:

- gifts and entertainment expenses;
- charity donations and sponsorships;
- relationships with third parties (suppliers and others who collaborate with the Bank);
- 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, the Bank 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 formalized allocation of powers and responsibilities, expressly indicating the limits of those powers and consistent with the duties assigned and positions covered within the organizational 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: keeping 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 Bank has defined organizational rules and controls as well as specific Administrative and Financial Governance Guidelines, to ensure a true and fair view of the equity, economic and financial results from management operations.

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

## **GIFTS AND ENTERTAINMENT EXPENSES**

The Bank 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 favors 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 favorable treatment in the performance of any function and/or activity connected with the Bank;
- to accept for themselves or for others any gifts exceeding a modest value or any other benefit that falls outside the ordinary practice of commercial and/or institutional courtesy or otherwise is aimed at compromising independence of judgement and fair practice.

Acts of commercial and/or institutional courtesy of modest value refers to gifts or any other benefits (e.g. invitations to sporting events, shows and entertainment, free tickets, etc.), coming from or destined to the same person/institution, that do not exceed the value of €150 in a calendar year. The values of gifts or any other benefits coming from or destined to the same person/institution are not summed up. 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 authorization from their hierarchical superior.

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

Under no circumstances may gifts consist of money. The gifts and other benefits distributed by 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, authorization if necessary); monitoring is not required in the case of gifts or other benefits received by corporate officers or employees of the Bank coming from the same person/institution which do not exceed the value in a calendar year of €150.

## **CHARITY DONATIONS AND SPONSORSHIPS**

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

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

- charity donations and sponsorships must be covered by specific internal regulations governing the roles, responsibilities and spending entitlements;
- disbursements by way of charity donations or sponsorship may only have as beneficiaries those institutions properly constituted in accordance with the law and whose activities are not contrary to the ethical principles of the Bank; 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 organizations, 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 recognized schools, except for particular initiatives of special social, cultural or scientific value; which must be approved by the Bank's Anti-Corruption Manager;
- due diligence must be carried out on the beneficiary institution aimed at:
  - analyzing the type of institution and the purpose for which it was created;
  - checking the reliability and reputation of the beneficiary institution, with particular attention to criminal records and/or charges;
  - verifying whether the beneficiary institution meets the requirements for operating in accordance with the provisions of applicable law;
  - identifying any risks which may be associated with the beneficiary;
- the beneficiary institution must formally commit to respect the applicable anti-corruption legislation and the principles contained in these Guidelines;
- all disbursements must be approved by the units that are empowered/authorized for this purpose (that must not be in conflict of interests in the situation), in accordance with the current system of powers and delegation;
- disbursements may be recognized 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 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.

## **RELATIONSHIP WITH THIRD PARTIES (SUPPLIERS AND OTHERS WHO COLLABORATE WITH THE BANK)**

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

In any case, the following principles must be observed:

- the start of the relationship must be preceded by due diligence aimed at:
  - identifying, in the case of companies, the chain of control, its beneficial owners and persons who perform management and control activities as well as its economic/financial situation;
  - checking the reliability and reputation of the third party, with particular attention to criminal records and/or charges; in the case of companies, legal entities and associations, the check must be made with respect to their beneficial owners and those who perform management and control activities;
  - determining the capabilities and experience required for the execution of the contract;
  - verifying whether the third party meets the requirements for operating in accordance with the provisions of applicable law;
  - identifying any risks which could be associated with the third party;
- the contract that governs the relationship must contain a commitment from the third party to comply with the applicable anti-corruption legislation and the principles contained in the present Guidelines, with the Bank 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 Bank's Anti-Corruption Manager any request for money or other benefits, received by the third party, by whoever made, or of which it has become aware, aimed at the performance or omission of a function/activity in relation to the performance of the contract;
- payments must be made exclusively on an account held by the third party account holder which preferably should be opened with a Bank. In the event of opening accounts with the Bank, 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 without a legal ground for such transaction.

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

- procurement processes for goods, services and professional services must be covered by specific internal regulations governing the roles, responsibilities and spending entitlements;
- approval of the purchase request, supplier selection, conclusion of the contract and issue of the order shall be exclusively carried out by persons specifically empowered under the existing power and delegation system that must not be in conflict of interests in the situation;
- the choice of the suppliers of goods and services and of freelance professionals is made from lists of suppliers selected on the basis of criteria identified in the internal set of rules,

through a tender or otherwise through the acquisition of additional offers; internal regulations identify in which cases it is possible to depart from this principle due to specific needs and with justified reasons (such as specific consulting assignments and legal services); due diligence process is mandatory anyway;

- any subcontracting of supplies of services/activities to third parties shall be contractually conditional on prior approval by the Bank structure which signed the contract;
- to authorize 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 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 Bank does not tolerate non-transparent behavior, designed to obtain or grant preferential treatment, as part of the purchase, management and disposal of investments (direct or indirect, qualified or unqualified in the share capital of other companies and other forms of investment similar) as well as other assets (for example non-performing loans, business units, assets and legal relationships identified as a block). This principle, in particular, affects the following areas:

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

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

- processes for the purchasing, management and sale of investments and other assets must be covered by specific internal regulations governing the roles, responsibilities and spending powers;
- appropriate levels of authorization must be assigned, with the identification, within the power and delegation system, of parties who can exercise the authorization and/or negotiating powers (and must not be in conflict of interests) 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 electronic format, of all the documentation in order to allow reconstruction of the related reasons and responsibilities.

## **HIRING OF STAFF**

The Bank provides for the adoption of staff hiring methods based on fairness and excluding any favoritism. In this context, the Bank 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 centralized 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 standardized 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 authorization must be assigned, with the identification, within the power and delegation system, of personnel expressly empowered to authorize the hires, including in relation to the importance of the position within the organization;
- 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 Bank 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 Bank 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 Bank 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 authorization must be assigned, with the identification, within the power and delegation system, of parties which can exercise the authorization and/or negotiating powers on the acquisition (and must not be in conflict of interests), 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 electronic format, so as to allow the reconstruction of the related reasons and responsibilities.