

Anti-Money Laundering / Counter-terrorism Financing Policy

(AML/CTF-Policy)

Updated February 2020

Document Information

Short Description:

The aim of this Policy is to implement Anti-Money Laundering principles and standards adopted by Fagioli to ensure appropriate set of measures against money laundering and terrorist financing occurrences.

Fagioli has a 'zero tolerance' approach concerning any acts or attempts in relation to money laundering and terrorist financing. This Policy applies at the global level.

This policy should be read in conjunction with the Fagioli Code of Conduct.

Scope:

This policy is relevant to all staff, including Management and Directors of Fagioli and all of its subsidiaries.

List of abbreviations:

AML – Anti-Money Laundering

CTF – Counter-Terrorism Financing

KYC – Know Your Client

MRLO – Money Laundering Risk Officer

PEP – Politically Exposed Person

TAM – Transaction Monitoring

UBO – Ultimate Beneficial Owner

1 PURPOSE

Fagioli has a reputation for honesty and integrity in its management practices and in its business transactions that it wishes to maintain. Fagioli has committed to a zero-tolerance approach concerning any acts or attempts in relation to money laundering/terrorist financing wherever it does business or intends to do business. The adoption of this policy is in line with Fagioli's commitment to sustainable business practices.

2. KEY DEFINITIONS

2.1. Money Laundering (ML)

Money laundering is a criminal action, by which somebody knowingly facilitates the untruthful justification of the nature, origin, location, disposal, movement or ownership, or helps to place, hide, conceal, transfer or convert or acquires, detains or uses goods or benefits arising from certain criminal actions.

Examples of such "primary offences" are:

- Participation in an organized criminal group and racketeering
- Trafficking in human beings and migrant smuggling
- Sexual exploitation, including sexual exploitation of children
- Fraud and swindling (including fraudulent bankruptcy)
- Counterfeiting and piracy of products
- Environmental crimes and offences

2.2. Terrorist Financing (TF)

Based on the European AML/CFT legislation, terrorism financing refers to the act of supplying or gathering, by any means, directly or indirectly, unlawfully and deliberately, funds, values, or other assets of any kind, with the intention to see them used or knowing that they will be used, entirely or partially to commit or attempt to commit one or several infractions as described by the relevant legislation. Those funds and assets are identified as a vehicle for terrorism financing even if they have not been effectively used to commit or attempt to commit one of these infractions or if they are not, directly or indirectly, linked to one or several specific terrorism acts.

2.3. Politically Exposed Person (PEP)

PEPs are physical persons entrusted with public functions (on national level), such as heads of states, national executive, legislative or jurisdiction, high ranking political parties leaders, senior public servants, magistrates or military officers as well as direct family members and persons closely related to PEP.

3. SCOPE

Failure to observe Anti-Money laundering/Counter terrorism financing (AML/CTF) laws and regulations can severely damage the reputation of Fagioli and may expose it to severe criminal and civil fines at the individual and company level. The failure to comply at the individual level may also lead to risks like potential loss of contract awards.

It is prohibited to engage in any kind of behavior related to and in favor of money laundering activities.

This policy is relevant to the entire staff, including Management and Directors of Fagioli and all of its subsidiaries. It is also to be considered as relevant to any third parties acting on behalf of or in the interest of the company and/or and all of the subsidiaries, including in situations of involvement in a joint-venture with another company or organization.

Management will ensure that all necessary support, tools and processes are in place in order to assist the company and its staff in understanding their obligations, analyzing the situation and taking the most appropriate course of action in a given situation.

In cases of doubt about the extent of certain terms or other aspects of this policy or concern of potential AML/CTF-situations should be addressed to Fagioli's Compliance Officer, who will act as the Company Money Laundering Risk Officer (MLRO).

4. FAGIOLI AML/CTF-ORGANIZATION

4.1. General Principles

Fagioli has organized its AML/CTF-Management according to a Risk Based Approach (RBA). The policy prescribes the following key general principles:

- The control measures should be deployed based on the risk factors identified
- AML/CTF risk assessment should be considered for all the appropriate actions taken within its business environment
- AML/CTF-risk rating should be undertaken for all business partners (clients, subcontractors, agents,...) through the defined due diligence process. All business partners should be classified according to their AML/CTF-risk. The risk rating assigned to the business partner should determine the future measures taken by Fagioli in the field of AML/CTF.
- Every business relationship with the direct or indirect involvement of PEP will have to be formally approved by the MLRO.
- All operations and transactions performed by Fagioli will be subject, if applicable, to a Transaction Monitoring (TAM). The degree of monitoring will depend of the risk level assigned to the transaction.

4.2. Pillars of AML/CTF-Management at Fagioli

The basic fundamentals to be adhered by Fagioli in the field of AML/CTF are based on the leading practices and regulatory frameworks:

- Know-your-client (KYC): Fagioli will endeavor to know its clients and its counterparties. It is critical to know a client and its business in order to prevent money laundering.
- Transaction monitoring (TAM): Fagioli will always strive to fully understand the economic background and the legality of any transaction performed with a client or any third party.
- Cooperation with the authorities: Fagioli will always strive to fully cooperate with the responsible authorities in the field of AML/CTF.
- Training of staff and awareness with regards to AML/CTF: Fagioli will always strive to have a high level of awareness among staff with regards to AML/CTF, especially by specific and regular trainings of staff in that field.

4.3. Internal Organization

Fagioli's MLRO is in charge of AML/CTF-Management in the organization. The MLRO has the responsibility to perform the tasks in full professional independence and will report to Fagioli's Audit and Risk Committee with regards to AML/CTF related issues.

The MLRO shall have access to all necessary information to perform its task and shall be provided with appropriate resources.

All staff members have the duty to inform the MLRO of any transaction or operation, relevant to the management of Fagioli's AML/CTF-risk.

The MLRO shall report annually to the FAGIOLI's Audit and Risk Committee on the status of the AML/CTF-management at Fagioli and take necessary decisions on the measures and controls.

All employees are expected to know the basic principles set in this policy and should refer to the detailed procedures and practical guidelines which complement this policy.

5. UPDATE OF THIS POLICY

The Legal Department and MLRO are responsible to update this Policy based on regulatory changes or other legal or organizational developments.