

**SUMMARY OF THE “DOCUMENT DESCRIBING THE
ORGANISATIONAL, MANAGEMENT AND CONTROL
MODEL OF UBI BANCA S.C.P.A. PURSUANT TO
LEGISLATIVE DECREE No. 231/2001(*)”**

**(*) Approved by the Management Board on November, 6th 2007 and by the
Supervisory Board on December, 19th 2007**

CONTENTS

Legislative framework.....	4
<u>Introduction</u>	4
<u>Committers of the crime</u>	4
<u>The type of crime</u>	4
<u>Penalties</u>	5
<u>Attempted crimes</u>	6
<u>Crimes committed abroad</u>	6
<u>Models of organisation, management and control</u>	6
<u>Ascertaining appropriateness</u>	7
Supervisory body.....	9
<u>The Supervisory Body of UBI Banca</u>	9
<u>General principles concerning the creation, appointment and replacement of the supervisory body</u>	9
<u>Functions and powers of the supervisory body</u>	10
<u>Obligations to report to the supervisory body</u>	12
<u>Transmission of reports – Collection and conservation of information</u>	12
<u>Reporting by the supervisory body to corporate bodies</u>	13
Disciplinary system.....	13
<u>Function of the disciplinary system</u>	13
<u>Measures with regard to employees</u>	13
<u>Violations of the Model and relative penalties</u>	14
<u>Measures with regard to members of the Management Board</u>	15
<u>Measures with regard to members of the Supervisory Board</u>	15
<u>Measures with regard to commercial partners, agents, consultants, associates</u>	15
Training and communication.....	15
<u>Introduction</u>	15
<u>Employees</u>	16
<u>Other recipients</u>	16
<u>Training activity</u>	16
Adoption of Model – criteria for updating and improving the Model.....	17
<u>Monitoring the Model</u>	17
<u>Updating and modification</u>	17
The activities identified as sensitive for the purposes of Legislative Decree No. 231/2001 in UBI Banca with regard to crimes against public administrations.....	18
The activities identified as sensitive for the purposes of Legislative Decree No. 231/2001 in UBI Banca, with regard to forgery of coins, public credit notes and duty stamps.....	19
The activities identified as sensitive for the purposes of Legislative Decree No. 231/2001 in UBI Banca with regard to corporate crimes.....	19
The activities identified as sensitive for the purposes of Legislative Decree No. 231/2001 in UBI Banca with regard to crimes related to terrorism and subversion of democratic order.....	20
The activities identified as sensitive for the purposes of Legislative Decree No. 231/2001 in UBI Banca with regard to crimes against the individual personality.....	20
The activities identified as sensitive for the purposes of Legislative Decree No. 231/2001 in UBI Banca with regard to stock manipulation and crimes (and administrative offences) concerning market abuse.....	21

The activities identified as sensitive for the purposes of Legislative Decree No. 231/2001 in UBI Banca with regard to transnational crimes.....	21
The system of controls.	22

Legislative framework.

Introduction.

Legislative Decree No. 231 of 8th June 2001 disciplines the “*liability of entities for administrative violations resulting from crimes*”, concerning legal entities and companies and associations even if they have no official legal status.

The regulations introduced by Legislative Decree No. 231/2001 state that companies can be held “liable” for some crimes committed or attempted in the interest of or to the advantage of the companies themselves, by members of top management (termed as persons “in apical positions” or simply “apical” persons) and those who are subject to the management or supervision of these.

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

Penalties of both a monetary nature and consisting of prohibitions are therefore directly and independently applicable in relation to crimes attributed to persons connected with the functions of companies themselves.

Companies are nevertheless excluded from administrative liability if, amongst other things, these same companies have adopted and effectively implemented models of organisation, management and control designed to prevent crimes, before the crimes are committed. These models can be adopted on the basis of codes of conduct (guidelines) drawn up by associations which represent companies, including the Italian Banking Association (ABI).

Companies are in any case excluded from administrative liability if the “apical persons” and/or those under them have acted in their own interest or in that of third parties.

Committers of the crime

According to Legislative Decree No. 231/2001, companies are held liable for crimes committed in their interest or to their advantage:

- by “persons who occupy positions to represent, administer or manage an entity or one of its organisational units which are financially and functionally autonomous and also persons who *de jure* or *de facto* manage and control the entity itself (the persons defined above as in an “apical position” or “apical” persons, Art 5, paragraph 1, letter a) of Legislative Decree No. 231/2001);
- by persons subject to the management or supervision of one of the apical persons (persons termed as being subject to the management or supervision of others; Art 5, paragraph 1, letter b) of Legislative Decree No. 231/2001);

The type of crime.

According to Legislative Decree No. 231/2001, an entity may be held liable for crimes expressly mentioned in articles 24, 24-*bis*, 25, 25-*bis*, 25-*ter*, 25-*quarter*, 25-*quarter.1*, 25-*quinquies*, 25-*sexies*, 25-*septies* and 25-*octies* of the decree itself which can be summarised in the following categories:

- crimes against public administrations, mentioned in articles 24 and 25 of Legislative Decree No. 231/2001 (including corruption, misappropriation to the damage of the state, fraud to the damage of the state and computer fraud to the damage of the state);
- cybercrimes, mentioned in article 24-*bis* of Legislative Decree No. 231/2001;

- crimes against public faith mentioned in article 25-*bis* of Legislative Decree No. 231/2001 (including forgery of coins, public credit notes and duty stamps);
- corporate crimes, mentioned in article 25-*ter* of Legislative Decree No. 231/2001 (including false company communications, impeding control, illicit influence over general meetings);
- crimes related to terrorism and subversion of democratic order mentioned in article 25-*quater* of Legislative Decree No. 231/2001;
- crimes concerning customs of mutilation of female genital organs, mentioned in article 25-*quater*.1 of Legislative Decree No. 231/2001;
- crimes against the individual personality mentioned in article 25-*quinquies* of Legislative Decree No. 231/2001 (such as the prostitution of minors, pornography of minors, the trafficking in and reduction into and maintenance in slavery or subjection);
- crimes concerning market abuse mentioned in article 25-*sexies* of Legislative Decree No. 231/2001 (abuse of insider information and market manipulation);
- transnational crimes mentioned in article 10 of Law No.146 of 16th March 2006, concerning “ratification and execution of the U.N. Convention and Protocols against the transnational organized crime, as adopted by the General Meeting of 15th November 2000 and 31st May 2001”
- crimes committed in violation of health and safety regulations at the workplace referred to in Art. 25-*septies* of Legislative Decree No. 231/2001 (manslaughter and serious or very serious malicious bodily harm);
- crimes related to money-laundering and receiving and using money, assets or benefits originating from criminal activity, mentioned in article 25-*octies* of Legislative Decree No. 231/2001.

On the basis of article 187-*quinquies* of Legislative Decree No. 58/1998, an entity may also be held liable to pay a sum equal to the administrative fine for administrative offences of abuse of insider information (article 187-*bis* of Legislative Decree No. 58/1998) and of market manipulation (187-*ter* of Legislative Decree No. 58/1998), if committed in the interest and to the advantage of an entity by persons classified as in “apical” positions and as “persons subject to the management and supervision of others”. Furthermore, the last paragraph of the cited article 187-*quinquies* states that some of the provisions expressly mentioned in Legislative Decree No. 231/2001 concerning, amongst other things, models of organisation, management and control having the effect of constituting exempting circumstances, apply to the administrative violations mentioned above.

In addition the Council of the European Union (Framework decision of 22nd July 2003, 2003/568/JHA, on corruption in the private sector) has decided that member states should adopt the necessary measures to punish, in a criminal court, corruption in the private sector also establishing that each member state should introduce the necessary measures to ensure that legal persons can be declared liable for offences relating to the criminal measures that will be introduced.

Penalties.

The following penalties are provided for by Legislative Decree No. 231/2001 for companies as a consequence of the aforementioned crimes being committed or attempted:

- a fine of up to a maximum of 1.549.370,69 euro (and precautionary seizure of assets);
- penalties of a prohibitory nature (applicable even as a precautionary measure) of a duration of not less than three months and not more than two years, which may 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 (and precautionary advance seizure of assets);
- publication of the ruling (if prohibitory penalties are applied).

Attempted crimes.

If the crimes indicated in Heading I of Legislative Decree No. 231/2001 (articles 24 to 25-*octies*) are attempted and not actually committed, the fines (in terms of the amount) and the prohibitions (in terms of the time) are reduced by a third to half. An entity is exempt from the penalties if it voluntarily prevents the deed from being accomplished or the event from occurring.

Crimes committed abroad.

Art. 4 of Legislative Decree No. 231/2001 states that an entity may be held liable for crimes contemplated by Legislative Decree No. 231/2001 that are committed abroad. The purpose of this measure is, as underlined in the illustrative report on Legislative Decree No. 231/2001, to avoid allowing a type of criminal situation which frequently occurs to go unpunished and also to prevent the entire legislation in question from being easily avoided.

Models of organisation, management and control.

One characteristic of Legislative Decree No. 231/2001 is that it considers the adoption and effective implementation of models of organisation, management and control as exempting circumstances. If a crime is committed by a person in an ‘apical’ position the company is in fact not held liable if it proves that (Art 6, paragraph 1) of Legislative Decree No. 231/2001):

- a) the governing body adopted and effectively implemented, before the offence 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 company body with independent powers to act and monitor;
- c) the persons who committed the crime fraudulently evaded the models of organisation and management;
- 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, a company is held liable if the crime committed was made possible by the violation of management or supervision obligations which the company is held to comply with.

The violation of management or supervision obligations is excluded if a company has adopted and effectively implemented, before the offence was committed, appropriate models of organisation, management and control designed to prevent crimes of the type committed.

Article 7, paragraph 4) of Legislative Decree No. 231/2001 defines the requirements for effective implementation of organisational models:

- periodical 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, it is the public prosecutor who has to prove that there has been failure to adopt and effectively implement an appropriate model of organisation, management and control designed to prevent crimes of the type committed.

Ascertaining appropriateness.

In order to decide whether a company is liable, the judge in the criminal court verifies that the crime assumed for the liability of the company has been committed and performs an investigation to ascertain the appropriateness of the organisational models adopted.

Basically, judgment must be made of the “appropriateness to prevent crimes” of the organisational model which, before the crime was committed, could have been considered, with reasonable certainty, sufficient to totally eliminate, or at least minimise, the risk of the crime which was subsequently committed being committed.

Model of organisation, management and control.

Unione di Banche Italiane, a joint stock co-operative company, (hereinafter referred to as “UBI Banca” or the “Bank”) has adopted its own model of organisation, management and control (hereinafter referred to as the “Model”), which complies with Legislative Decree No. 231/2001 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 ABI (Italian Banking Association) Guidelines.

In fact Legislative Decree No. 231/2001 attributes, together with the occurrence of other circumstances specified in articles 6 and 7 of the decree, the value of an exempting circumstance to the adoption and effective implementation of models of organisation and management to the extent that they are appropriate, with reasonable certainty, to prevent the crimes specified by the decree from being committed or attempted.

More specifically, pursuant to paragraph 2 of article 6 of Legislative Decree No. 231/2001, a model of organisation and management must meet the following requirements:

- a) identify the activities in which crimes may be committed;
- b) create specific protocols to plan the formation and implementation of company decisions regarding the prevention of criminal offences;
- c) identify ways of managing financial resources in order to prevent crimes from being committed;

- d) establish compulsory reporting to the body responsible for supervising the functioning of models and compliance with them;
- e) introduce a disciplinary system which punishes failure to comply with the regulations of the model.

The UBI Banca Model constitutes a consistent set of principles, procedures and measures which: i) have an affect on the internal functioning of the Bank and on its relations with the outside and ii) regulate the diligent management of a system for the control of sensitive activities, designed to prevent the crimes specified by the Legislative Decree No. 231/2001 from being committed or attempted.

The Model, which is contained in a complex and detailed set of documents, is approved by the Management Board of UBI Banca – which informs the Supervisory Board – and consists of the following:

- identification of the company activities in which the crimes mentioned in Legislative Decree No. 231/2001 may be committed;
- standards of control for the sensitive activities identified;
- identification of ways of managing financial resources in order to prevent crimes from being committed;
- code of conduct;
- supervisory body;
- information flows from and to the supervisory body and specific obligations to report to the supervisory body;
- periodical programme of checks on sensitive activities and the relative control standards;
- disciplinary system which punishes violations of the measures contained in the Model;
- training and communication plan for employees and others who interact with the Bank;
- criteria for updating and modifying the Model.

The elements constituting the Model listed above are described in the following documents:

- document describing the organisational, management and control model of UBI Banca;
- code of conduct.

The document describing the organisational, management and control model of UBI Banca s.c.p.a. is divided into two parts which contain the following:

- (i) in the general part a description of:
 - the legislative framework;
 - the reality of the company (system of governance and organisational structure of UBI Banca);
 - the structure of the organisation, management and control model of UBI Banca;
 - identification and appointment of the supervisory body of UBI Banca, with specification of the relative powers, tasks and information flows;
 - 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 Model;

- criteria for updating and modifying the Model.
- (ii) in the special part a description of:
- the types of crime referred to Legislative Decree No. 231/2001 which the Bank has decided to take into consideration in view of the nature of its business;
 - sensitive processes/activities and the relative control standards.

Supervisory body.

The Supervisory Body of UBI Banca

According to the provisions of Legislative Decree No. 231/2001 an entity may be exempt from liability if the governing body has, amongst other things:

- adopted and effectively implemented appropriate models of organisation and management designed to prevent the crimes considered;
- entrusted the task of supervising the functioning and compliance with the models and updating them to a company body with independent powers to act and monitor.

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 exemption of an entity from liability as provided for by Legislative Decree No. 231/2001.

Legislative Decree No. 231/2001 provides no indications concerning the composition of the supervisory body. In the absence of indications, UBI Banca opted, in the light of the considerations of the most representative business associations and of the Italian Banking Association above all, for a solution which is capable of ensuring the effectiveness of the controls which the supervisory body is responsible for in relation to its dimensions and the complexity of its organisation and identified a collegial body consisting of

- two members of the Management Board;
- the head of the Legal Affairs Area;
- the head of the Compliance;
- an external professional.

General principles concerning the creation, appointment and replacement of the supervisory body

The supervisory body of UBI Banca is instituted by a resolution of the Management Board, subject to consultation with the Supervisory Board; its members remain in office for a period of three years and may be re-elected.

The term of office of the members of the supervisory body ends on the date of the meeting of the Supervisory Board (or the date of General Meeting of the Shareholders in those cases required by the by-laws of UBI Banca) convened to approve the annual financial statements for the last year of their period in office, although they continue to perform their functions *ad interim* until the new members of the supervisory body are appointed.

Appointment as a member of the supervisory body is dependent of possession of eligibility requirements.

Members of the supervisory body who wish to resign from that body must immediately notify the other members of the supervisory body.

The supervisory body then promptly informs both the Chairman of the Management Board, so that he may take the appropriate measures, and the Chairman of the Supervisory Board.

Resignations have immediate effect if a majority of the members of the supervisory body remain in office.

If the Chairman of the supervisory body resigns, the chairmanship is taken by the most senior member until the following meeting of that body.

In order to guarantee the necessary stability, the procedures for revoking the powers associated with the office from members of the supervisory body are specified in the Model.

Revocation of the powers of one or more of the members of the supervisory body and the attribution of those powers to another person may only occur for just cause, which may be also connected with organisational restructuring of the Bank, by means of a special resolution of the Management Board, which then informs the Supervisory Board.

In cases of particular gravity, the Management Board may in any case, after informing the Supervisory Board, suspend the powers of the supervisory body and appoint a body *ad interim*.

Functions and powers of the supervisory body.

The activities performed by the supervisory body cannot be challenged by any other body or organisation of the Bank.

The supervisory body is granted the following powers to act and monitor, required to ensure effective and efficient supervision of the functioning of and compliance with the Model pursuant to the provisions of Art. 6 of Legislative Decree No. 231/2001:

- to monitor the existence over time of the requirements for the efficiency and effectiveness of the Model;
- to watch over, develop and promote the constant updating of the Model, making, where necessary, proposals to the governing body for updates and adjustments when required to be implemented by making changes and/or additions which may become necessary as a consequence of: i) significant violations of the regulations of the Model; ii) significant changes to the internal structure of the Bank and/or the methods of performing its operating activities; iii) changes to the legislation;
- to ensure the periodical updating of the system for the identification, mapping and classification of sensitive activities;
- to maintain a constant connection with the external auditing firm, safeguarding their necessary independence, and with other consultants and associates involved in activities related to the effective implementation of the Model;
- to detect any changes in behaviour which might emerge from an analysis of information flows and reports which the various functions are required to provide;
- to promptly report violations of the Model detected that may lead to the Bank incurring liability to the governing body for appropriate measures to be taken;

- to supervise relations and ensure appropriate reporting to the Management Board and to the Supervisory Board;
- to discipline its functioning by introducing, amongst other things, regulations for its activities which disciplines, matters such as the resources available, the convening of meetings, voting and resolutions of the body itself;
- to organise and define initiatives to diffuse knowledge and understanding of the Model, as well as personnel training and to make personnel aware of the importance of compliance with the contents of the Model;
- to organise and prepare communications and training on the contents of Legislative Decree No. 231/2001, on the impacts of the legislation on the Bank's activities and rules of conduct;
- to answer questions on the meaning and application of the measures contained in the Model;
- to draw up an effective system of internal communication to allow the communication of news of importance for the purposes of Legislative Decree No. 231/2001, safeguarding the interests and confidentiality of the source;
- to freely access, or to convene, any management area and unit representing or part of the Bank, without the need for any consent in advance, to request and acquire information, documentation and data considered necessary for performing the tasks required by Legislative Decree No. 231/2001, from all employees and managers;
- to request relevant information from associates, consultants, agents and external representatives of the Bank;
- to initiate disciplinary procedures where necessary and to propose penalties;
- to verify and evaluate the appropriateness of the disciplinary system within the meaning of and in compliance with Legislative Decree No. 231/2001;
- in the event of inspections, investigations and requests for information on the part of the authorities concerned to verify the compliance of the Model with the provisions of Legislative Decree No. 231/2001, to be responsible for relations with those performing the inspection and to support them adequately with information.

The supervisory body in carrying out his duties could be assisted, under its direct surveillance and responsibility, by all the functions and units of the Bank or by outside consultants, benefiting from their respective expertise and professionalism. This power allows the supervisory body to ensure a high level of professionalism and the necessary continuity in its action.

For the mere sake of example, the supervisory body may avail itself of the functions present in the Bank in virtue of its specific responsibilities and more specifically:

- of the Human Resources and Organisation Macro Area (e.g. in relation to the implementation of the personnel training and communication plan, the implementation of the disciplinary system and the management of disciplinary procedures and the complete implementation in the Bank of the rules contained in the Model);
- of the Legal and Corporate Affairs Macro Area (e.g. for an interpretation of the legislation, the updating of the document describing the Model of organisation, management and control of the Bank and for an examination of case law expressed on matters);
- of the Internal Audit Area (e.g. for performing control activity);

- of all the heads of areas, processes and organisational units (e.g. concerning the self-certifications that the units under their responsibility comply with the rules of the Model).

Obligations to report to the supervisory body.

The supervisory body must be promptly informed by means of a special internal communication system of deeds, behaviour or events that might determine a violation of the Model or which, more generally are of importance for the purposes of Legislative Decree No. 231/2001.

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

- reports must be collected relating to: i) crimes committed or the reasonable danger of crimes being committed that are mentioned in Legislative Decree No. 231/2001; ii) “practices” not in line with the code of conduct issued by the Bank; iii) behaviour which might in any case determine a violation of the Model;
- employees, agents, commercial partners, consultants, associates, those termed ‘para-employees’ and all stakeholders in general report violations (or presumed violations) of the Model with regard to business relations with UBI Banca or activity performed with regard to UBI Banca to the supervisory body pursuant to procedures described later in this summary;
- the supervisory body assesses, according to its discretion and under its own responsibility, the reports received and the cases in which to act;
- if a report of violations concerns the members of the Management Board and/or the Supervisory Board, it will be communicated to the Chairman of the Management Board and to the Chairman of the Supervisory Board or, if it concerns the Chairman of the Supervisory Board to the Chairman of the Management Board and, if it concerns the Chairman of the Management Board to the Chairman of the Supervisory Board.

The confidentiality of the identity of the person making the report is guaranteed unless legal obligations and protection of the rights of the Bank or of persons mistakenly and/or maliciously accused do not allow. Persons making reports in good faith are in any case guaranteed against any form of retaliation, discrimination or penalty.

In addition to reports of violations of a general nature described above, information concerning the following must be communicated to the supervisory body by the corporate functions that work in the area of sensitive activities: i) the periodical results of control activities put in place to implement the 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).

Transmission of reports – Collection and conservation of information.

Reports can be made in writing and not in anonymous form according to the following procedure:

- ***e-mail:*** Organismo.di.Vigilanza.231@ubibanca.it

- **letter to the address:** Unione di Banche Italiane Soc. coop. per azioni
Supervisory Body 231
Piazza Vittorio Veneto, 8
24122 – Bergamo

The information and the various types of report contemplated in the Model are conserved by the supervisory body in a special archive (in digital form or hardcopy).

Reporting by the supervisory body to corporate bodies.

The supervisory body reports on: (i) implementation of the Model, (ii) any critical aspects, (iii) the need to make modifications to it.

The lines of reporting are as follows:

- the firstly, on a continuous basis, directly to the Managing Director and also to the board member charged with supervising the functioning of the internal control system and to the General Manager;
- the secondly, on a periodical basis, to the Management Board and to the Supervisory Board.

Disciplinary system.

Function of the disciplinary system.

The definition of an adequate disciplinary system constitutes an essential assumption if the Model of organisation, management and control pursuant to Legislative Decree No. 231/2001 is to constitute a justification with regard to the administrative liability of entities.

Measures with regard to employees.

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

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

The measures laid down in the 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 Bank.

Disciplinary measures are imposed on employees of UBI Banca, pursuant to 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 Model, the general principles and rules contained in the disciplinary code already issued by UBI Banca and diffuses 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 national trade union agreement for middle management for staff in professional areas employed by banks, financial and service companies, and more specifically as follows according to the seriousness of the violations:

- verbal reprimand;
- written reprimand;
- suspension from work and of pay for a period of not more than 10 days;
- dismissal for justified grounds;
- dismissal for just cause.

Disciplinary action is taken for each report of a violation of the 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 the UBI Banca 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.

Violations of the Model and relative penalties.

Types of behaviour that constitute a violation of the Model, together with the relative sanctions are as follows:

1. to receive a “**verbal reprimand**”, a worker violates one of the internal procedures of the Model (e.g. does not comply with specified procedures, fails to carry out checks, etc.), or adopts behaviour that does not comply with the regulations of the Model itself while carrying out activities in sensitive areas. These types of conduct constitute failure to comply with regulations issued by the Bank;
2. to receive a “**written reprimand**”, a worker exposes the integrity of company assets to a situation of objective danger by violating internal procedures laid down by the Model or by adopting behaviour that does not comply with the regulations of the Model itself while carrying out activities in sensitive areas. These types of behaviour performed by failing to comply with instructions issued by the Bank determine a situation of danger to the integrity of the Bank’s assets and/or constitute actions contrary to the interests of the Bank;
3. for the penalty of “**suspension from work and of pay for a period of not more than 10 days**” a worker causes damage to the Bank by performing action contrary to the interests of the Bank, either violating internal procedures of the Model or adopting behaviour that does not comply with the regulations of the Model while carrying out activities in sensitive areas or alternatively the worker commits violations specified in points 1, 2 and 3 more than three times in one calendar year. These types of behaviour performed by failing to comply with instructions issued by the Bank cause damage to the assets of the Bank and/or constitute actions contrary to its interests;
4. for the penalty of “**dismissal for justified grounds**”, a worker in carrying out activities in sensitive areas adopts behaviour that does not comply with the regulations of the Model and is unequivocally designed to commit a crime contemplated by Legislative Decree No. 231/2001. This behaviour constitutes serious failure to comply with instructions issued by the Bank and/or a serious violation of the worker’s obligation to work in the interests of the Bank;
5. for the penalty of “**dismissal for just cause**” a worker in carrying out activities in sensitive areas adopts behaviour that violates the regulations of the Model in such a way as to determine the concrete application to the Bank of the measures contained in Legislative Decree No. 231/2001, or commits the

violations specified in point 4 more than three times in one calendar year. This behaviour by a worker causes the Bank to lose all trust in him/her and constitutes serious moral and/or material damage to the Bank.

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

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

Measures with regard to members of the Management Board;

If violations of the regulations and rules of conduct of the Model are committed by members of the Management Board, the Management Board and the Supervisory Board may take appropriate measures including, for example, convening a special meeting, in order to adopt the most appropriate measures provided for by law.

Measures with regard to members of the Supervisory Board;

If violations of the regulations and rules of conduct of the Model are committed by one or more members of the Supervisory Board, the Supervisory Board and the Management Board may take appropriate measures including, for example, convening a General Meeting of the Shareholders in order to adopt the most appropriate measures provided for by law.

Measures with regard to commercial partners, agents, consultants, associates.

The violation by commercial partners, agents consultants, external associates or others, with whom the Bank has entered into contracts, of the regulations and rules of conduct contained in the Model that apply to them or crimes contemplated by Legislative Decree No. 231/2001 committed by them are punished on the basis of the specific clauses contained in the relative contracts.

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

Training and communication.

Introduction.

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

More specifically, it is the objective of UBI Banca to extend communication of the contents of the Model, not just to its own employees, but also to those who, although not officially employees, work, even on an intermittent basis, to achieve the objectives of UBI Banca 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 Bank's regulations which they are held to comply with and the ethical norms which must guide their behaviour.

Communication and training activity is supervised and supplemented by the supervisory body whose tasks include "promoting and defining initiatives to diffuse knowledge and comprehension of the Model and to train personnel and communicate the importance of compliance with the contents of the Model" and "to organise and prepare communications and training on the contents of Legislative Decree No. 231/2001, on the impacts of the legislation on the Bank and on the codes of conduct".

Employees.

Each employee is required to: i) acquire a knowledge of the contents of the 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 Model, reporting any failures encountered in it.

In order to guarantee effective and rational communication, UBI Banca promotes and facilitates acquisition of knowledge of the contents of the Model by employees, where the depth of the knowledge differs according to the degree of involvement in the activities identified as sensitive according to Legislative Decree No. 231/2001.

Employees are guaranteed access to and the ability to consult the documentation of the Model (Document describing the Model, information on the organisational structure of the Bank and on the Bank's activities and procedures) even directly on the Bank intranet. Each employee may obtain a hardcopy version of the Model. Furthermore, in order to facilitate understanding of the Model employees are required to participate in specific training activity, which will differ according to their degree of involvement in activities identified as sensitive according to Legislative Decree No. 231/2001.

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

Other recipients.

Activity to communicate the contents of the Model is also addressed to those external parties who work for UBI Banca under contracts or who represent the Bank but are not bound by subordination to it (e.g.: commercial partners, agents and consultants, distributors, sales persons and other independent associates).

To achieve this the most significant external associates of UBI Banca will be furnished with a summary of the Document describing the Model. External associates who will be given a summary of the Document describing the Model will be asked to sign a declaration stating that they have received the document and agree to comply with the contents.

Having considered the purposes of the Model, UBI Banca will consider the advisability of communicating the contents of the Model to outside parties other than those indicated for the sake of example and more generally to markets.

Training activity.

The Bank performs specific training activity for all employees to ensure that there is widespread and adequate knowledge and understanding of the Model and the Code of Conduct. It is also designed to encourage the diffusion of a corporate culture which is oriented towards the pursuit of increasingly greater transparency and integrity.

The content of training activity is as follows:

- a general part on the legislative framework (Legislative Decree No. 231/2001 crimes and administrative violations relevant for the purposes of the administrative liability of entities) and on the Model (basic elements, supervisory body, disciplinary system, code of conduct, etc.);
- a special part on activities identified as sensitive within the meaning of Legislative Decree No. 231/2001 and control standards relating to those activities;
- verification of the degree of learning achieved from the training received.

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.

Participation in training activities is compulsory. Acting through the organizational units responsible, the supervisory body collects and archives evidence and certification of actual participation in this training activity.

Adoption of Model – criteria for updating and improving the Model.

Monitoring the Model.

The supervisory body prepares the document that describes supervisory activity by which it plans the general outline of its activity with the following: a calendar of activities to be performed during the year, determination of the intervals at which inspections will be made, identification of the criteria and procedures of analysis, the possibility of making unprogrammed checks and inspections.

The supervisory body may be assisted, by both support from the internal functions and units of the Bank with specific responsibilities in the areas of the bank subject to control and from external consultants with respect to the execution of the technical operations required to perform control functions.

If the Bank decides to make use of external consultants, these must always report on their work to the supervisory body.

The supervisory body is granted the broadest ranging powers during checks and inspections in order for it to perform the tasks assigned to it effectively.

Updating and modification.

The Management Board decides on updating and modification of the Model with regard to modifications and/or additions that may become necessary as a consequence of:

- violations of the regulations of the Model;
- modifications to the internal structure of the Bank and/or the methods of performing its operating activities;
- amendments to the legislation;
- the results of controls.

Once approved, the modifications and the instructions for their immediate application are communicated to the supervisory body, which in turn proceeds, without delay, to make the modifications operative and to ensure that the contents are accurately communicated within and outside the Bank.

The supervisory body also prepares a special report to inform the Management Board of the outcome of the activities undertaken to comply with the board resolution to update and/or modify the Model.

The supervisory body, in any case, has precise duties and powers concerning supervision, development and organisation of the constant updating of the Model. It therefore formulates observations and proposals concerning the organisation and the system of control to the units of the Bank responsible for them or, in cases of particular importance, to the Management Board.

In order to guarantee that changes to the Model are made with the necessary rapidity and effectiveness, without, however, causing errors of co-ordination between operating processes, the regulations contained in the Model and the diffusion of these, the Management Board has decided to authorise the supervisory body to periodically make changes, where necessary, to the Model that concern descriptive aspects.

The Management Board nevertheless reserves exclusively to itself the power to decide updates and/or modifications of the Model due to the following factors:

- changes to the legislation concerning the administrative liability of entities;
- the identification of new sensitive activities or changes in those previously identified, including those relating to the start up of new lines of business;
- the formulation of observations by the Ministry of Justice pursuant to Art. 6 of Legislative Decree No. 231/2001 and article 5 and following articles of Ministerial Decree No. 201 of 26th June 2003;
- crimes mentioned in Legislative Decree No. 231/2001 being committed by those to whom the provisions of the Model apply or, more generally, of significant violations of the Model;
- the discovery of failings and/or gaps in the provisions of the Model following examinations of its effectiveness.

The Model is, in any case, subject to periodical review every three years to be performed by resolution of the Management Board.

The activities identified as sensitive for the purposes of Legislative Decree No. 231/2001 in UBI Banca with regard to crimes against public administrations.

Analysis of the corporate processes of UBI Banca identified the areas in which the types of crimes mentioned in articles 24 and 25 of Legislative Decree No. 231/2001 may theoretically be committed. A list of the activities considered “sensitive” or at risk with regard to crimes against public administrations is given below.

1. negotiation, signing and execution of contracts/conventions with public entities by means of negotiated procedures (direct award or private negotiation);
2. negotiation, signing and execution of contracts/conventions with public entities by means of public procedures (open or restricted);
3. activities performed by the Bank in its capacity as a public official.
4. grant of loans which benefit from public contributions;
5. management of relations with public entities concerning property rights (land office and land register);

6. management of relations with public entities for aspects concerning safety and hygiene at the workplace (Legislative Decree No. 81/2008 and subsequent amendments and additions);
7. management of relations with public entities to obtain authorisations and licences for carrying on company business;
8. appointment of personnel belonging to protected groups or for whom concessions are granted for employing them. Relations with pension and social security entities in general (with reference to all employees);
9. relations with forces of law and order (*Carabinieri*, state police, municipal police, financial police);
10. commercial promotion and sponsorship of public entities;
11. management of relations with public authorities (e.g. Authority to Guarantee Competition and Markets (Antitrust), Authority for Power and Gas, Authority to Guarantee Communications, CONSOB (stock exchange authority), UIF (Financial Information Office), Isvap (insurance authority), Covip (pensions authority), Departments, Authority to Guarantee the Protection of Personal Data. Compliances and inspections;
12. management of relations with the tax authorities;
13. acquisition and/or management of contributions/subsidies/loans granted by public entities to the Bank;
14. management of legal disputes in general;
15. management of litigation concerning debt collection;
16. management of public entity software or of software supplied by others on behalf of public entities and data transmission connections (input and output) or the data transmission of digital media to public entities.

The activities identified as sensitive for the purposes of Legislative Decree No. 231/2001 in UBI Banca, with regard to forgery of coins, public credit notes and duty stamps.

Analysis of the corporate processes of UBI Banca identified the areas in which the types of crimes mentioned in article 25-*bis* of Legislative Decree No. 231/2001 may theoretically be committed. A list of the activities considered sensitive or at risk with regard to crimes of the forgery of coins, public credit notes and duty stamps is given below.

1. every possibility of holding, handling or using money/duty stamps. Management of funds.

The activities identified as sensitive for the purposes of Legislative Decree No. 231/2001 in UBI Banca with regard to corporate crimes.

Analysis of the corporate processes of UBI Banca identified the areas of the activities in which the types of crimes mentioned in article 25-*ter* of Legislative Decree No. 231/2001 may theoretically be committed. A list of the activities considered “sensitive” or at risk with regard to corporate crimes is given below.

1. preparation of accounts, reports and other company communications required by law for disclosure to shareholders or the public and compliance with fulfilments introduced by Law No. 262/2005 concerning accounting corporate documents;
2. preparation of offering circulars required for soliciting investment and/or admission for listing on regulated markets or documents to be published for public tender offers to purchase, sell or swap shares or other similar prospectuses;
3. management of relations with the Supervisory Board, external auditing firm and shareholders. Preparation, keeping and archiving of the documents over which they could exercise control;
4. operations concerning own shares and quotas and operations concerning share capital and use of profits;
5. activities to prepare general meetings of shareholders and the proceedings and minutes of general meetings;
6. communications to the supervisory authorities of the banking sector and management of relations with them;
7. communications to other supervisory authorities and management of relations with them;
8. communication of conflicts of interest in compliance with Art. 2391, paragraph 1, of the Italian Civil Code;
9. winding up of companies.

The activities identified as sensitive for the purposes of Legislative Decree No. 231/2001 in UBI Banca with regard to crimes related to terrorism and subversion of democratic order.

Analysis of the corporate processes of UBI Banca identified the areas of the activities in which the types of crimes mentioned in article 25-*quater* of Legislative Decree No. 231/2001 may theoretically be committed. A list of the activities considered “sensitive” or at risk with regard to crimes related to terrorism and subversion of democratic order is given below.

1. provision of banking services and other financial services;
2. implementation and management of humanitarian and charitable initiatives and particularly in favour of entities with headquarters or operating in countries considered at risk.

The activities identified as sensitive for the purposes of Legislative Decree No. 231/2001 in UBI Banca with regard to crimes against the individual personality.

Analysis of the corporate processes of UBI Banca identified the areas in which the types of crimes mentioned in article 25-*quinquies* of Legislative Decree No. 231/2001 may theoretically be committed. A list of the activities considered sensitive or at risk with regard to crimes against the individual personality is given below.

1. activity of granting credit and loans.

The activities identified as sensitive for the purposes of Legislative Decree No. 231/2001 in UBI Banca with regard to stock manipulation and crimes (and administrative offences) concerning market abuse.

Analysis of the corporate processes of UBI Banca identified the areas of the activities in which the types of crimes mentioned in article 25-*sexies* of Legislative Decree No. 231/2001 may theoretically be committed. The sensitive or at risk activities for crimes (and administrative offences) concerning market abuse are listed below:

1. the issue of information through the media (e.g. press releases, web site postings etc.), disclosures to markets and relations with financial analysts and rating companies;
2. operations on financial instruments;
3. management of insider information.

The activities identified as sensitive for the purposes of Legislative Decree No. 231/2001 in UBI Banca with regard to transnational crimes.

An analysis of the corporate processes of UBI Banca 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 considered “sensitive” or at risk with regard to transnational crimes is given below.

1. authorisation and execution in relation to transnational activities of banking services and other financial services (excluding insurance) as defined in Council of Europe Regulation No. 2580 of 2001;
2. authorisation and execution in relation to transnational activities of insurance services and connected services as defined in Council of Europe Regulation No. 2580 of 2001;
3. management of investments other than banking services and financial services in relation to transnational activities on own's and third parties' account;
4. negotiation, signing and execution of mandate and intermediation contracts in relation to transnational activities;
5. management of approval procedures and connected administrative formalities relating to the grant of financial concessions in relation to transnational activities;
6. appointment of members of the governing bodies of foreign companies in the Group;
7. management of relations with members of governing bodies, employees or third parties involved in court proceedings;
8. management of requests from the forces of law and order (*Carabinieri*, state police, financial police);
9. management of activities designed to allow a person to physically enter a country;
10. rental of real estate properties in relation to transnational activities;
11. management of humanitarian initiatives in relation to transnational activities.

The system of controls.

The system of controls applicable to the activities identified has been defined using the ABI (Italian Banking Association) Guidelines as a reference and also those published to date by the main business association operating in the sector as well as international best practices.

As far as crimes against public administrations is concerned, the Model is structured on three distinct levels of control:

- **fixed control standards:** these must always be present in all sensitive activities;
- **replaceable control standards:** if they are not applicable because of an objective organisational, procedural or technical impossibility, these can be replaced with back-up controls;
- **back-up control standards:** these are controls to be used to replace the corresponding replaceable standards. Back-up control standards also include specific controls for single processes.

The only exception is for activities 3, 4 and 16 for which there are specific controls.

Fixed control standards are as follows:

1. **segregation of activities:** there must be segregation of activities between the person acting, the person controlling and the person authorising;
2. **rules/circulars:** appropriate company instructions must exist to provide at least the general principles required to regulate activities;
3. **powers to sign and powers to authorise:** official rules must exist for exercising powers to sign and powers to authorise;
4. **traceability:** persons who sign written communications to public administrations must ensure the traceability of the relative sources and information.

Finally, as concerns activities considered sensitive with regard to articles *25-bis*, *25-ter*, *25-quarter*, *25-quinquies* and *25-sexies* of Legislative Decree No. 231/2001, the Model is structured according to specific control standards detailed in the chapters that compose the special part.

Finally as concerns activities identified as sensitive with regard to crimes of forgery of coins, public credit notes and duty stamps mentioned in Art. *25-bis* of Legislative Decree No. 231/2001, corporate crimes mentioned in Art. *25-ter* of Legislative Decree No. 231/2001, crimes related to terrorism and subversion of democratic order mentioned in article *25-quarter* of Legislative Decree No. 231/2001, crimes against the individual personality mentioned in article *25-quinquies* of Legislative Decree No. 231/2001, crimes and administrative offences concerning market abuse mentioned in article *25-sexies* Legislative Decree No. 231/2001 and Art. *187-quinquies* of Legislative Decree No. 58/1998 and the transnational crimes mentioned in Art. 10 of

Law No. 146/2006, the Model is structured according to the specific control standard detailed in the chapters which compose the special part.