



Cerved Credit Management Group

CODE OF CONDUCT FOR DEBT COLLECTION ACTIVITIES

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1 Purpose and scope of application

1.1 PURPOSE

The Code sets forth the general rules to be applied for debt collection activities.

1.2 SCOPE OF APPLICATION

The Code applies to all Collection Agencies pursuant to art. 115 TULPS (Consolidated Text of Laws on Public Security) belonging to Cerved Credit Management Group Srl.

1.3 RECIPIENTS

The recipients of this Code are the employees of the Collection Agencies pursuant to art. 115 TULPS belonging to Cerved Credit Management Group S.r.l., as well as the external providers carrying out collection activities for the Collection Agencies.

2 References

2.1 REGULATIONS

- Italian Legislative Decree no. 196 of 30 June 2003
- Italian Legislative Decree no. 206 of 6 September 2005 on consumer rights
- Italian Legislative Decree no. 231 of 21 November 2007, as subsequently amended and supplemented
- "Privacy and Debt Collection" Vademecum published on 15 April 2016 by the Privacy Authority (press release of 18/04)
- General Data Protection Regulation no. 2016/679 or GDPR
- Italian Legislative Decree no. 101 of 10 August 2018
- Provisions of the Authority for the Protection of Personal Data - Lawfulness, fairness and pertinence in debt collection activities - 30 November 2005
- Italian Royal Decree no. 773 of 18 June 1931, chapter IV (art. 115-120) of TULPS (Consolidated Text of Laws on Public Security).
- Italian Law Decree no. 59 of 8 April 2008 – Ministerial Circular

2.2 DOCUMENTATION

Policies, Procedures and Operating Instructions governing the details of collection activities in each single CCMG Group company

2.3 SUPPORTING SYSTEMS

Company management software

3 Guidelines

CODE OF CONDUCT FOR DEBT COLLECTION ACTIVITIES

GENERAL PRINCIPLES

These rules of conduct must be applied by all Professionals who carry out debt collection activities on behalf of the Debt Collection Agencies of the Cerved Credit Management Group SrL (hereinafter CCMG Agencies).

The term "Professional" refers to the Persons in charge of carrying out debt management and collection activities on behalf of third parties. These Persons include both employees and external staff ("managers", "loan managers", lawyers, etc.) of the CCMG Agencies, and the employees and staff of external Collection Agencies which may be entrusted by CCMG Agencies with the performance of part of their activities, in accordance with the provisions of the agreements signed and accepted by the parties.

Art. 1 - Role

The Professionals who carry out debt management and collection activities on behalf of third parties pursuant to art. 115 TULPS carry out a role of mere intermediation towards Debtors: the activities they perform are exclusively aimed at resolving disputes. The Professionals inform the Debtors/Consumers of the debt position resulting from the debt collection action, always specifying the nature of the debt and its composition (capital, interest, charges).

Art. 2 - Certainty and collectability of debt

The certainty and collectability of debt positions is guaranteed by the Creditor. In the event that the Professional finds a non-conformity in the position about to be processed, the collection activity is immediately suspended and the relevant CCMG Agency asks the Creditor/Client for clarifications and reasoned instructions on whether to continue the assigned procedures.

Art. 3 - Complaints and Disputes

The following definitions will apply within this Code of Conduct:

- **Dispute**, objection submitted in writing by the Debtor directly to the Creditor, concerning the debt relationship;
- **Complaint**, objection submitted in writing by the Debtor to the Professional, concerning the credit management and recovery procedures set up by the Professional.

If the Debtor/Consumer proves that a dispute or a conciliation procedure is pending, or that the debt does not exist, or that the debt has already been paid, the Professional shall immediately suspend his/her activity towards the Debtor/Consumer. The documentation gathered shall be sent by the relevant CCMG Agency to the Creditor/Client, pending reasoned instructions on whether to continue the entrusted procedures.

If the Debtor/Consumer sends a written complaint to the Professional, the latter must give an appropriate and prompt response on the lawfulness of his/her actions. If External Collection Agencies have been appointed by a CCMG Agency, they must inform the CCMG Agency of any complaints received and of the actions they have taken in this regard.

The CCMG Compliance Department has set up and maintains a Complaints Register and a Disputes Register.

Art. 4 - Image

Professionals have the duty to defend the prestige and image of CERVED CREDIT MANAGEMENT GROUP and of the Debtors'/Consumers' Creditors. They must perform the tasks entrusted to them with care and diligence, in accordance with the provisions undertaken by them and with applicable legislation.

Art. 5 - Professionalism

Debt collection activities must be carried out by qualified and suitably trained staff.

Collection activities are carried out by Holders of a Licence issued by the Police pursuant to art. 115 TULPS, as well as by their employees or contract staff whose names have been notified to the competent Police.

Holders must only accept assignments they are able to carry out with suitable expertise: it is their duty to attend to their own professional preparation and the preparation of the persons appointed by them, by updating and increasing their knowledge of the sector they work in.

Special attention is paid to training on Privacy, Anti-Money Laundering and Consumer Code regulations, as well as to sharing "good practices" wherever possible.

Procedures and work instructions are implemented and shared in order to prevent the occurrence of misconduct or conduct that does not comply with contracted service levels.

Art. 6 - Fairness towards Creditors

Professionals may not under any circumstances qualify themselves as the employees or officials of Creditors.

Art. 7 - Rules on the lawfulness of data processing and on fair trading in the relations held with the Debtor/Consumer

Any contact made must be guided by respect for the Debtor's/Consumer's personal sphere, in such a way as to preserve his/her honour and dignity, and avoiding methods that may create embarrassment or undue pressure. For this reason, Professionals must apply the operating principles listed below and must:

- a) make every effort to ascertain the identity of the interlocutor and be sure that the Debtor/Consumer is being addressed
- b) if the Debtor is a legal person, communicate only with the persons authorised to negotiate and make payments
- c) never disclose the reasons why the Debtor/Consumer is being contacted to third parties who have no interest in the debt, unless they are expressly authorised by the Debtor/Consumer to handle his/her contractual affairs
- d) in the event that the Debtor/Consumer is not available at the contact details provided by the Creditor/Client, third-party sources may be consulted to avoid that information about the interested party's state of default is unjustifiably disclosed to persons unrelated to the obligation in question.
- e) never use improper and offensive expressions or arrogant attitudes; introduce themselves to interlocutors politely, discreetly and, where applicable, with particular care in their appearance, having the utmost respect for the persons contacted and their private life, and maintaining a professional demeanour in all circumstances.
- f) never use false titles or threatening tones, but introduce themselves using their name and/or ID number and specify the company they work for: it is particularly forbidden to give false personal details to the persons contacted, and to third parties in general, to induce them to pay

- g) not make phone calls or home visits:
- during national bank holidays
 - Monday to Friday, other than between 8:30 a.m. and 9:00 p.m.
 - on Saturdays other than between 8:30 a.m. and 3:00 p.m.
- unless specifically agreed with the debtor, including in relation to any special needs explicitly expressed by the debtor; take particular care when contacting people close to the start and end of the time slots specified above
- h) not repeat phone calls and home visits insistently, but when making them aim at establishing a process of mutual dialogue on the causes of insolvency and on possible solutions
- i) make no more than one actual phone call with the debtor within the same day after an outbound phone activity, unless otherwise agreed with the debtor
- j) make no more than three actual phone calls with the debtor within the same week after an outbound phone activity, unless otherwise agreed with the debtor
- k) keep a record of the phone calls and home visits made, their outcome and the quality checks carried out; and
- l) in cases where it is appropriate to document an unsuccessful home contact attempt, deliver to the Debtor/Consumer a written notice addressed to him/her, in a sealed and stapled envelope, so that it will not be mistaken for a court document, and without any words/indications on the outside that could make third parties understand the reasons for the notice/letter
- m) provide the following details in the notification mentioned in the above point:
- the name and surname of the Authorised Person who has left the notification,
 - the Professional's details,
 - the name of the Creditor,
 - the reason for the visit
 - and a phone number for any requests for information or clarifications
- n) not contact the Consumer/Debtor at his/her place of work, or more generally at a third party's place of business, unless this has been agreed with the Debtor, i.e.: following specific request by the Debtor or indication by the Debtor when signing the agreement with the Creditor that this is a suitable contact method
- o) inform the non-performing party of the exact debt position, clearly explaining the source of the obligation and the composition of the outstanding debt (capital, interest and charges)
- p) not envisage unrealistic or inapplicable consequences to the specific case. It is prohibited to serve notices of legal action, initiate bankruptcy proceedings, and file complaints aimed at obtaining performance of the obligation, whilst, it is permitted to explain to the Debtor/Consumer the possible consequences, including judicial consequences, arising from non-performance, yet specifying that the only person entitled to take legal action is the holder of the credit (the Creditor), or his proxies
- q) written communications and notices for payment may be sent (by ordinary mail, e-mail, certified e-mail, registered mail delivered by a court officer), the content of which is agreed with the Creditor/Client or, should a specific agreement be lacking, is decided by the Professional
- r) correspondence containing payment requests must:
- clearly state the role of the debt collection agency, the Creditor and the file to which the communication refers
 - indicate the reason for and details of the amounts claimed, specifying the individual components (capital, interest, ancillary costs)
 - indicate the consequence of any non-performance according to criteria of transparency, fairness and coherence with contractual or regulatory provisions
 - clearly state the payment terms
 - provide a phone number, e-mail or fax number that the Debtor/Consumer may use to ask for any clarifications

- include courtesy clause such as: "If you have already paid your debt, please ignore this communication. For the sole purpose of aligning your accounting position and to avoid finding further irregularities, please send us a copy of your payment confirming settlement of the invoices..."
 - always provide a final payment deadline of no less than 15 days, in the case of reminder letters sent in the name and on behalf of the Creditor/Client
 - in the case of letters giving advance notice of legal action and/or notice of default (representing the final attempt before closing the out-of-court phase), always provide a payment deadline of at least 10 days, unless otherwise envisaged by law
 - avoid making references that unduly refer to public administrations, tax collector's offices and judicial authorities
- s) not use digital communications (e.g. e-mail and text messages) as a first payment reminder, unless the relevant contact details have been provided directly by the Debtor for the specific purpose of receiving information about performance of the obligation
- t) send digital communications containing the details of the debtor's position and/or the bank details for payment, solely for the purpose of informing the debtor according to agreements made; ensure that communications of this kind are not unjustifiably sent on a repetitive basis
- u) when sending digital communications containing a contact request, not exceed the limit of four requests in a month
- v) in the event of no response, unsatisfactory response, or temporary inability to comply, contacts may be repeated as deemed necessary from time to time, provided this is done according to the time schedules, limits and days of availability set out above
- w) not make repeated contacts if the debtor has provided all useful debt collection information or has clearly stated his/her inability to comply or has sent documentation showing the submission of a pending claim/conciliation/litigation.
- x) comply in any case with the content of Provision dated 30 November 2005 "Lawfulness, fairness and pertinence in debt collection activities" of the Privacy Authority.

Art. 8 - Prohibition on unfair and/or aggressive trade practices

In performing their activity, Professionals may in no way exert undue, threatening or vexatious pressure on the persons contacted and/or third parties; such actions or facts shall lead to immediately terminating the contractual relationship held with non-employee Professionals, without advance notice.

In particular, Professionals must take every precaution to ensure that their behaviour complies with the provisions of the Consumer Code and does not constitute unfair and/or aggressive trade practices. A trade practice is aggressive if, taking into account all the aspects and circumstances of the case, harassment, coercion, the use of physical force or undue influence is used that impairs or is likely to considerably impair the average consumer's freedom of choice or behaviour and induces the consumer to make a commercial decision that he/she would not have taken otherwise.

Art. 9 - Confidentiality

The Professional shall not disclose the content of the cases entrusted to third parties and/or use what he/she learns for personal purposes.

Art. 10 - Conflict of interests

In the event of conflict with the interests of Cerved Credit Management Group companies and/or with the interests of the Creditor/Client, the Professional must refrain from performing his/her activity and must immediately inform the relevant CCMG Agency.

Art. 11 - Relations with intermediaries

Unless previously authorised by the relevant CCMG Agency, Professionals may not contact agents, concessionaires and/or affiliated dealers who have acted as intermediaries.

Art. 12 - Diligence

Professionals must keep everything in their possession with care and diligence - all cases assigned to them, outstanding securities or direct debits, collections yet to be discharged, residual receipts and all material used and/or on loan. They must immediately inform the relevant CCMG Agency if they have lost any of the above. Once the assignment has been completed, Professionals must return all the material they have received and make sure they keep the data collected during the credit management process only for the time necessary to comply with the legal obligations incumbent on them or to report on the activities they have carried out in the event of a complaint/dispute.

Art. 13 - Deadlines

Professionals must strictly abide by the deadlines given by the relevant CCMG Agency concerning the period of management of the credit lines and the maximum extensions granted for account recovery; these deadlines are set out in the provisions notified for each Creditor upon opening of the credit line.

Art. 14 - Prohibition on replacing the debtor

The Professional shall under no circumstance replace the debtor in the payment of the amounts due.

Art. 15 - Consulting

The Professional may provide, free of charge, useful information for the recovery of the debt situation and offer transparent and sustainable solutions.

Art. 16 - Appropriateness of Debtor's/Consumer's Commitment

The Professional cannot request the debtor to take on commitments that are more onerous than those that the debtor can bear.

Art. 17 - Prohibition for the Professional to make further requests

The Professional cannot demand the payment of further amounts than those specified by the Client, nor can he/she accept gifts or favours in exchange for more favourable terms for the management of his/her position.

Art. 18 - Collection and receipt

Unless otherwise specifically authorised in writing, the Professional may accept only the following forms of payment: bank and bank drafts, postal cheques, postal and telegraphic money orders, bank transfers, postal slips and bills of exchange.

The securities recovered must bear the "non-transferable" clause and be made out exclusively to the Creditor Company (Client).

The Professional shall check the formal validity of the securities, with particular regard to the provisions of art. 49 of Italian Legislative Decree no. 231/2007 as subsequently amended and supplemented, and shall be the custodian thereof until delivery.

The Professional must issue a numbered receipt for each collection, even if fractioned or of a minimal amount, to the person making the payment. The receipt must provide indication of the file of reference and information to correctly identify the person making the payment, also for anti-money laundering purposes. The receipt must meet Privacy regulation requirements concerning the privacy policy provided to data subjects, meet the requirements specified in the agreement with the Creditor, and clearly show how the payment has been allocated (principal, interest, expenses). At least two copies of the receipt need to be issued: one for the debtor and one for the creditor. The receipt may also be sent by certified e-mail. The template of the receipt used by external Collection Companies must be submitted in advance for approval to the relevant CCMG Agency.

Art. 19 - Collection report

The persons in charge of drawing up the collection report must give a detailed and truthful account of the activities they have carried out and of all the information they have gathered, and must also give their opinion on the outcome of the case. In the event that IT systems made available by the relevant CCMG Agency or by the Creditors/Clients are used to draw up the reports, the appointed persons undertake to use these systems according to the instructions given to them, to enter truthful information and not to allow unauthorised third parties to access these systems.

Art. 20 - Liability

In compliance with the provisions of the agreements signed and accepted by the parties, Professionals who are not employees of a CCMG Agency undertake to perform the service at their own risk and completely independently, using their own business organisation, indemnifying and holding the relevant CCMG Agency harmless against any claim or damage that Creditors/Clients, Debtors/Consumers or CERVED CREDIT MANAGEMENT may suffer as a result of the Professionals' behaviour and of the persons appointed by them.

Professionals undertake to comply with collective agreement, social security and workplace health and safety regulations (Italian Legislative Decree 81/08 as subsequently amended and related) in relation to the persons they appoint, insofar as applicable.

Art. 21 - Application and dissemination of this code

These rules of conduct are of a general character. They reflect the good practices used in the sector in question, the provisions laid down in the Privacy Code (Italian Legislative Decree 196/2003 as subsequently amended and supplemented), the General Data Protection Regulation (EU Reg. 679/2016), the Consumer Code (Italian Legislative Decree 206/2005), and in legislation on the prevention of money laundering (Italian Legislative Decree 231/2007 as subsequently amended and supplemented): where necessary, CCMG Agencies shall prepare communications, instructions and procedures detailing their operations.

The CCMG Group's Collection Agencies are committed to promoting a corporate culture based on awareness of the rules set out in this Code, and they monitor its timely application.